United Nations A/66/281

General Assembly

Distr.: General
9 August 2011

Original: English

Sixty-sixth session
Item 20 of the provisional agenda*
Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

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Report of the Secretary-General

Summary

The present report is submitted pursuant to paragraph 14 of General Assembly resolution 65/165. It describes the activities of the United Nations Human Settlements Programme (UN-Habitat) over the past year in implementing the outcome of the second United Nations Conference on Human Settlements (Habitat II) and the strengthening of UN-Habitat.

More specifically, the report also provides an overview of the outcomes of the twenty-third session of the Governing Council of UN-Habitat that relate to policy. In addition to reviewing progress in the implementation of the medium-term strategic and institutional plan for 2008-2013 and approving the programme budget for 2012-2013, the Governing Council adopted resolutions on a number of subjects, including (a) a third United Nations conference on housing and sustainable urban development; (b) a review of the governance of UN-Habitat; (c) global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target; (d) sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, including the contribution of the Governing Council to the United Nations Conference on Sustainable Development in 2012; and (e) future activities of the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor.

* A/66/150.

11-44803 (E) 080911

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The report also contains a review of progress made in the implementation of a number of programmatic components of the Habitat Agenda and other issues highlighted in General Assembly resolution 65/165, including a midterm review of the medium-term strategic and institutional plan for the period 2008-2013, slum upgrading, guidelines on decentralization and strengthening of local authorities, cities and climate change, post-disaster and post-conflict reconstruction, financial and budgetary matters, flagship reports, regional ministerial meetings, and organizational and programmatic reforms.

I. Introduction

1. The present report is submitted pursuant to paragraph 14 of General Assembly resolution 65/165 on implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme (UN-Habitat) and is divided into five sections. The first section reports on the main resolutions of the twenty-third session of the Governing Council of UN-Habitat, the second section reports on progress in implementing the substantive work of UN-Habitat, the third section addresses budgetary and financial issues, the fourth section summarizes other significant developments that have occurred during the reporting period, and the final section contains conclusions and recommendations.

II. Action taken at the twenty-third session of the Governing Council of the United Nations Human Settlements Programme

2. The twenty-third session of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) was held in Nairobi from 11 to 15 April 2011, with the special theme "Sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure".

3. Among the most important actions taken by the Governing Council was the review of progress made in the implementation of the medium-term strategic and institutional plan for the period 2008-2013 and the approval of the work programme and budget of UN-Habitat for the biennium 2012-2013. In addition, the Governing Council held discussions and adopted resolutions on the following issues: (a) a third United Nations conference on housing and sustainable urban development; (b) a review of the governance of UN-Habitat; (c) global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target; (d) sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, including the contribution of the Governing Council to the United Nations Conference on Sustainable Development in 2012; and (e) future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor, including recommendations on the future of the experimental reimbursable seeding operations.

A. Third United Nations conference on housing and sustainable urban development

4. The convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016 was among the most important issues discussed by the Governing Council of UN-Habitat at its twenty-third session.

5. In follow-up to resolution 22/1, adopted by the Governing Council of UN-Habitat at its twenty-second session, the Secretary-General, in his report presented to the sixty-fourth session of the General Assembly on the implementation

of the outcome of Habitat II and the strengthening of UN-Habitat (A/64/260), invited the General Assembly to consider convening in 2016 a third United Nations conference on housing and sustainable urban development (Habitat III).

6. In response, the General Assembly, by its resolution 64/207, took note of the recommendation made by the Governing Council in its resolution 22/1 and requested the Secretary-General to prepare a report on this question, in collaboration with the Governing Council of UN-Habitat, for consideration by the General Assembly at its sixty-sixth session. In follow-up to this request, the Executive Director of UN-Habitat prepared a draft report (HSP/GC/23/2/Add.4) for consideration by the Governing Council at its twenty-third session in April 2011.

7. The report makes a case for holding the conference by examining key developments since the second United Nations Conference on Human Settlements, held in Istanbul, Turkey, from 3 to 14 June 1996. These new developments include:

(a) The increasing demographic and economic dominance of cities, now home to more than half of the world's population, and their enhanced role as economic agents both nationally and globally;

(b) The rapid spatial expansion of urban settlements, resulting in mega-cities and large metropolitan regions and urban corridors;

(c) The emergence of new global issues, forces and concerns, including globalization, sustainable urban development, climate change, urban safety and security, and increasing urban poverty;

(d) The changing roles of the public, private and non-governmental sectors, as part of the shift from enabling and deregulation policies towards a renewed emphasis on public policy and management, including reformed urban planning;

(e) The significantly increased frequency and intensity of natural and human-made disasters and their impact on the urban population.

8. Following its consideration of the draft report, the Governing Council adopted resolution 23/8 on a third United Nations conference on housing and sustainable development, by which it took note of the report of the Executive Director and invited the Secretary-General to include the ideas and proposals set forth therein in his report to be considered by the General Assembly at its sixty sixth session. These ideas included, in particular, the following proposed aims of a third United Nations conference on housing and sustainable urban development: (a) to review past policies, achievements and obstacles; (b) to put in place a new urban development agenda capable of responding to the new urban challenges and opportunities, such as climate change and urban safety and security, in addition to advancing a new role for cities and local authorities; and (c) to find ways of strengthening the institutional framework for land governance, housing and sustainable urban development.

9. The Governing Council has submitted the report to the Secretary-General as its input to his report requested in General Assembly resolution 64/207.

B. Governance review

10. In its resolution 22/5 on governance of the United Nations Human Settlements Programme, the Governing Council of UN-Habitat requested "the Executive

Director and the Committee of Permanent Representatives to undertake jointly, within the work programme and budget, an examination of the governance of the United Nations Human Settlements Programme with a view to identifying and implementing ways to improve the transparency, accountability, efficiency and effectiveness of the functioning of the existing governance structure and to identify options for any other potential relevant changes for consideration by the Governing Council at its twenty-third session".

11. Pursuant to this resolution, phase I of the governance review of UN-Habitat focused on preparation of the terms of reference for the review. The terms of reference were drawn up by a joint group of the Committee of Permanent Representatives and the UN-Habitat secretariat in June 2009. In line with the terms of reference, a structure for the review was established. This comprised an open-ended contact group, a regionally balanced implementation team and seven assessment teams with equal representation from the Committee and the secretariat. Both the implementation team and the assessment teams began work in September 2009.

12. Phase II, which began in January 2010, focused on improvement in the governance of UN-Habitat in Nairobi, i.e., on actions that could be implemented by the secretariat with the approval of the Committee of Permanent Representatives, but without reference to United Nations Headquarters. Following a visioning workshop, research by the seven assessment teams and a series of meetings of the implementation team, a list of 29 "quick wins" was proposed. The list was approved by the Committee of Permanent Representatives on 15 September 2010.

13. Phase III commenced with an implementation team workshop in early November 2010. It focused on improvement in the governance of UN-Habitat within the wider United Nations system, especially its governance relationship with the General Assembly, the Secretariat, the Economic and Social Council, the Advisory Committee on Administrative and Budgetary Questions and the Committee for Programme and Coordination. A further list of proposed medium- and long-term "wins" was presented to and approved by the Committee of Permanent Representatives at its meeting on 16 December 2010.

14. Phase IV of the review involved preparation of a report analysing the options available for structural reform of the governance of UN-HABITAT. The details of the outcome of all phases of the review were presented to the Governing Council of UN-Habitat at its twenty-third session.

15. Four new options, in addition to keeping the current situation baseline, were put forward for consideration by the Governing Council. These were:

(a) Introducing annual Governing Council meetings;

(b) Introducing annual Governing Council meetings plus an enlarged membership of the Council;

(c) Establishing an Executive Board to replace the Governing Council;

(d) Establishing a hybrid governance structure along the lines of that of the United Nations Entity for Gender Equality and the Empowerment of Women.

16. The Governing Council duly considered the report and passed resolution 23/13 entitled "Governance of the United Nations Human Settlements Programme". In

brief, the resolution requested the Executive Director, jointly with the Committee of Permanent Representatives:

(a) To further examine the options for reform and develop a preferred option;

(b) To develop procedures for the examination phase;

(c) To seek consensus on the identified option;

(d) To develop an action plan for pursuing the preferred option.

17. In addition, the Governing Council mandated the Committee of Permanent Representatives to approve the action plan and to present it, if possible, to the General Assembly at its sixty-seventh session. To carry out this remaining work, a new body, an open-ended consultative group, was set up in June 2011. This is a joint body of the Committee of Permanent Representatives and the secretariat in which each regional group of the Committee is represented by two permanent members.

C. Global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target

18. The UN-Habitat report, *State of the World's Cities 2010/2011 — Cities for All: Bridging the Urban Divide*, shows that between 2000 and 2010, the lives of 227 million slum-dwellers were improved. However, this achievement was not uniformly distributed across regions. The more advanced developing countries made better progress than the poorer developing countries.

19. The report further states that the Millennium Development Goals target of improving the lives of at least 100 million slum-dwellers by 2020 has been exceeded by 100 million. This is 10 years before the target date. In spite of this, not a single developing country has succeeded in reducing its slum population by 50 per cent. In fact, 828 million people still live in urban slums. Current predictions suggest that between now and 2020 the total number of slum-dwellers in the world will increase by 60 million.

20. It was against this background that Heads of State and Government at the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals committed themselves to continue working towards cities without slums, beyond current targets, by reducing slum populations and improving the lives of slum-dwellers, as outlined in paragraph 77 (k) of the outcome document of the Meeting (see General Assembly resolution 65/1). Subsequently, the General Assembly, in paragraph 4 of its resolution 65/165, invited the Governing Council of UN-Habitat to consider appropriate global and national strategies and frameworks for future work required to achieve a significant improvement in the lives of slum-dwellers beyond the current slum-related targets.

21. In response, the UN-Habitat Governing Council, at its twenty-third session, adopted resolution 23/9, entitled "Global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target", by which it invited Governments and regional and local authorities to enumerate the slum populations in their countries, regions and urban areas and, on

that basis, to set voluntary and realistic national, regional and local targets, to be attained by 2020, with regard to improving significantly the lives of slum-dwellers. The principal means for achieving these targets would be:

(a) The formulation and implementation of national urban development strategies that prioritize improved access to adequate housing and basic services and infrastructure for slum-dwellers, including improved water and sanitation, transport, energy, health and education;

(b) Promotion of access to affordable land with secure tenure;

(c) Creation of the conditions necessary for sustainable urban livelihoods;

(d) Promotion of sustainable urban development and the participation of all stakeholders, in particular slum-dwellers

22. UN-Habitat is now in the process of developing, in consultation with Governments, an action plan for the global implementation of this resolution during the next decade.

D. Sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure

23. Given that more than half of humanity now lives in urban areas, sustainable development is increasingly becoming synonymous with sustainable urbanization. In recognition of this, the Governing Council of UN-Habitat adopted, as the special theme for its twenty-third session, the topic of sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure. The secretariat prepared a report to facilitate dialogue at the high-level segment of the twenty-third session of the Council. The aim of the report was to stimulate debate between Governments, local authorities and other Habitat Agenda partners on how to provide an effective response to contemporary urban challenges, with the following objectives in mind:

(a) To enable the Governing Council to adopt a position on sustainable urban development as its contribution to the United Nations Conference on Sustainable Development in 2012;

(b) To develop strategic responses to sustainable urban development challenges, building on the recommendations of the Habitat Agenda, the Millennium Development Goals, the Plan of Implementation of the Word Summit on sustainable Development (Johannesburg Plan of Implementation), and the outcomes of the High-level Plenary Meetings of the sixtieth and sixty-fifth sessions of the General Assembly;

(c) To encourage Governments and Habitat Agenda partners at the international, national and local levels to commit themselves to expanding equitable access to land, housing, basic services and infrastructure, within a framework of sustainable urban development.

24. While the report focused on cities in developing countries, many of its observations and recommendations with regard to the issues of land, housing, basic services and infrastructure within the context of sustainable urban development, urban poverty, the green economy and the institutional framework for sustainable

urban development, are of global relevance, as these issues represent major challenges for many urban areas in developed countries and countries with economies in transition.

25. At its twenty-third session, the Governing Council adopted resolution 23/17 on sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, by which it welcomed the dialogue on this topic held during the twenty-third session of the Governing Council as a contribution to the United Nations Conference on Sustainable Development in 2012 and requested the Executive Director to ensure transmission, through the President of the Governing Council, of the results of the dialogue to the Bureau of the Conference.

26. By the same resolution, the Governing Council further encouraged Governments and Habitat Agenda partners, among other things:

(a) To include the issue of sustainable urban development in their contributions to the preparatory process for the United Nations Conference on Sustainable Development in 2012;

(b) To develop strategic responses to the problems of sustainable urban development, building on the recommendations of the Habitat Agenda, the Millennium Development Goals, the 2005 World Summit Outcome, the Johannesburg Plan of Implementation and the outcome of the high-level plenary meetings of the sixtieth and sixty-fifth sessions of the General Assembly;

(c) To mobilize the commitment of Governments and Habitat Agenda partners at the international, national and local levels to promote decentralization and improve urban governance to ensure expanded equitable access to land, housing, basic services and infrastructure.

E. Future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor

27. In 2007 the Governing Council, in its resolution 21/10, requested the Executive Director to establish a trust fund within the United Nations Habitat and Human Settlements Foundation to support the introduction of experimental reimbursable seeding operations for the financing of housing, infrastructure and slum upgrading for the urban poor and to field test those operations for four years. The Executive Director was also requested to carry out an evaluation at the end of the four years.

28. The experimental reimbursable seeding operations used a catalytic investment approach in order to integrate market-based solutions with community-led efforts and government inputs as the most effective way to address inadequate housing, water and sanitation. Significant progress was made through the seeding operations programme, and five loans with a total loan value of $2,750,000 were disbursed in four countries (Nepal, Nicaragua, Uganda and United Republic of Tanzania) and in Palestine in 2010. It was planned that funds leveraged through this seed funding would reach over $500 million and that this initial round of lending would support the creation and upgrading of over 30,000 affordable social housing units in five countries.

29. The seeding operations programme went through an independent external evaluation as it reached the end of a four-year experimental period. A report on the results of the evaluation was presented to the Governing Council at its twenty-third session, leading to a decision on the future of the seeding operations and of the general activities of UN-Habitat in the area of financial mechanisms for urban upgrading.

30. The report concluded that UN-Habitat had a comparative advantage in undertaking global advocacy, advising national Governments and local authorities, bringing key stakeholders together and working with community groups on an advisory and normative basis. It also concluded that, due to its mandate, UN-Habitat was not best positioned to continue as a mainstream direct lender. The report observed that donors had not provided further funding for lending activities to continue.

31. By its resolution 23/10 entitled "Future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor", the Governing Council authorized the Executive Director to examine opportunities to work with partner development finance institutions within the United Nations system. These partners would take the lead in future pilot or scaled-up lending, guarantee and financial advisory activities, while UN-Habitat would focus on normative and global advocacy work in those areas.

III. Progress in the implementation of substantive work

32. In its resolution 65/165, the General Assembly requested the Secretary-General to report on the following: (a) a midterm review of the medium-term strategic and institutional plan for the period 2008-2013, (b) affordable housing and slum upgrading, (c) guidelines on decentralization and strengthening of local authorities, (d) cities and climate change, and (e) post-disaster and post-conflict reconstruction. These issues are highlighted in paragraphs 5, 3, 6 and 7 of the resolution, respectively.

A. Midterm review of the medium-term strategic and institutional plan for the period 2008-2013

33. In its resolution 21/2 of 20 April 2007 and again in paragraph 8 of its resolution 22/7 of 3 April 2009, the Governing Council requested the Executive Director, in consultation with the Committee of Permanent Representatives, to conduct a midterm review of the medium-term strategic and institutional plan for the period 2008 to 2013 and to present the results of that review to the Governing Council at its twenty-third session.

34. In addition, in paragraph 18 of resolution 21/2, the Governing Council requested the Executive Director to establish an annual peer review process, in close collaboration with the Habitat Agenda partners, on the implementation of the plan. In 2008, the Committee of Permanent Representatives endorsed the proposal by the secretariat that the peer review should be conducted at the end of 2009 to enable assessment not only of the "quick wins" of the kick-start phase of the plan, but also

of the degree of preparedness of UN-Habitat to achieve the objectives of the plan. Consequently, the peer review, which was completed in August 2010, covered the same period as that anticipated for the midterm review.

35. The peer review provided a comprehensive assessment of the progress made in improving UN-Habitat programmes and its organizational structure and procedures, as called for in the plan. It was agreed by the Committee and the secretariat that the midterm review should draw from the comprehensive peer review, which covered the same period and scope as that anticipated for the midterm review. On that basis, UN-Habitat prepared a report on the midterm review of the plan, which was considered by the Governing Council at its twenty-third session.

36. The following were among the most significant recommendations highlighted in the report:

(a) That the Executive Director should consider a new organizational structure, with the aim of achieving better alignment with the focus areas of the medium-term strategic and institutional plan for the period 2008-2013;

(b) That UN-Habitat should seek to establish a unified planning and reporting system for decision-making, resource mobilization and reporting to all donors and avoid expensive overlapping systems;

(c) That the Committee of Permanent Representatives, and in particular donor countries, should review their own demands for reporting by UN-Habitat to reduce costs and duplication and strengthen the coherence and quality of reporting;

(d) That strategic planning, performance monitoring and reporting should be coordinated by a central strategic management unit at the highest level of the Programme;

(e) That an independent evaluation function should be established;

(f) That UN-Habitat should undertake a comprehensive independent assessment of its country-level programmes and projects to document what has been achieved to date and learn lessons from experiences in implementation, and also put in place mechanisms for systematic tracking of country-level operational activities;

(g) That the Committee of Permanent Representatives should, as a matter of priority, continue to address the issue of reform of the UN-Habitat governance structure.

B. Adequate shelter and slum upgrading

37. The General Assembly, in paragraph 3 of its resolution 65/165, encouraged UN-Habitat to continue providing the technical assistance necessary for reducing slum populations and improving the lives of slum-dwellers. During the reporting period, UN-Habitat supported 33 countries (17 in Africa and the Arab States, 10 in Asia and the Pacific, 1 in Eastern Europe and 5 in Latin America and the Caribbean) in implementing slum upgrading and slum prevention policies.

38. In the Occupied Palestinian Territory, UN-Habitat took part in the revision of the guidelines for the reconstruction and rehabilitation of war-affected housing in the Gaza Strip through the Reconstruction Working Group, which brings together all actors in the housing sector. In addition, UN-Habitat provided technical inputs into

the negotiations with Israel to facilitate the flow of building materials to local markets in the Gaza Strip to support self-help housing initiatives.

39. In Sri Lanka, UN-Habitat supported a project entitled "Shelter support to conflict-affected people through housing" and promoted field-tested tools and methods for resettlement in order to reduce forced eviction. UN-Habitat also helped internally displaced families rebuild damaged houses as part of a scheme whereby they could later obtain ownership of the houses. In Nepal, UN-Habitat, in partnership with the Centre for Integrated Urban Development, prepared the Nepal urban housing sector profile study report. In the Philippines, workshops aimed at establishing national baselines and targets for improving the lives of slum-dwellers were held in December 2010 and May 2011.

40. In Bangladesh, implementation of the Urban Partnerships for Poverty Reduction project, one of the largest urban poverty reduction initiatives in the world, continued, with a total budget of $120 million. Its objective is to improve the livelihoods and living conditions of three million urban poor and extremely poor people, especially women and girls. UN-Habitat has the responsibility of helping communities prepare and manage community contracts to implement various activities aimed at upgrading settlements. As part of another project, settlement and vacant land mapping was completed in 13 cities and towns in Bangladesh. The mapping provides the basis for targeting the most vulnerable settlements in cities and towns and for the preparation of city- and town-wide poverty reduction strategies.

41. In Ghana and the Gambia, UN-Habitat supported the launch and completion of urban and housing sector profiles. Also in the Gambia, phase I of the Participatory Slum Upgrading Project was completed. In Colombia and Costa Rica, slum upgrading and prevention policies and strategies were tested.

C. Guidelines on decentralization and strengthening of local authorities

42. The General Assembly, in paragraph 6 of its resolution 65/165, expressed its support for the dissemination and implementation of the guidelines on decentralization and strengthening of local authorities and the guidelines on access to basic services for all, approved by the Governing Council of UN-Habitat in its resolutions 21/3 and 22/8 respectively.

43. The ultimate objective of the guidelines on decentralization is to promote the strengthening of local authorities and to advocate for their empowerment in the provision of basic services. This is based on recognition of the local dimension of basic services.

44. However, despite the fact that the process of development of both sets of guidelines was inclusive, participatory and based on the documentation of good practices, more work remains to be done to adapt them effectively to regional, national and local contexts, and to transform them into a useful tool to improve legislative, regulatory and operational frameworks.

45. UN-Habitat has therefore developed a comprehensive programme document highlighting three major components of its strategy for the integrated adaptation of both sets of guidelines to national and local situations:

(a) Policy development and advocacy at the regional and national levels;

(b) Training and capacity development at regional, national and local levels;

(c) Monitoring and reporting.

46. Against this background, efforts to mobilize partners have been intensified through a series of consultative dialogues in a number of countries, including Burkina Faso, Ecuador, El Salvador, Guatemala, Jamaica, Mexico and Viet Nam.

47. On 27 and 28 October 2010, UN-Habitat and the Government of France organized a meeting of the UN-Habitat partners to initiate the selection of pilot countries and pave the way for activities at the country level. Subsequently, UN-Habitat finalized a comprehensive handbook, at the request of the partners, whose aim is to guide the coordinated implementation of the guidelines in interested developing countries.

D. Cities and climate change

48. Pursuant to paragraph 7 of General Assembly resolution 65/165, and in line with focus areas 1, 2 and 3 of the medium-term strategic and institutional plan for the period 2008-2013, UN-Habitat has continued its existing cooperation on issues related to cities and climate change and has continued to play a complementary role in matters related to climate change within the United Nations system, in particular in addressing the vulnerability of cities to climate change.

49. At the global level, UN-Habitat has contributed to efforts to address climate change by putting the spotlight on cities. In April 2011, it published and launched the *Global Report on Human Settlements 2011: Cities and Climate Change*, the content of which is described in section V below.

50. UN-Habitat also engaged with a network of authors and researchers at a meeting in Kolkata, India, in March 2011, of the Expert Group on Human Settlements and Infrastructure of the Intergovernmental Panel on Climate Change, in preparation for the forthcoming fifth assessment report of the Panel. This report is expected to strongly influence the global debate and agreements on addressing climate change.

51. UN-Habitat also launched two advocacy and capacity-building tools: "Local leadership for climate action" and "Planning for climate change". These tools are for use by urban planners. Thus far, they have been used by facilitators to build the capacity of local officials and stakeholders in Kampala (February 2011).

52. Focusing on enhancing the implementation of climate adaptation and mitigation strategies for cities, UN-Habitat coordinated inputs from 10 United Nations agencies at a side event at the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Cancun, Mexico, in December 2010, to identify approaches and tools used in the United Nations system to support cities 'to act on mitigation of and adaptation to climate change.

53. Partly in preparation for the United Nations Conference on Sustainable Development in 2012, and also as part of its emerging programmatic priority areas, UN-Habitat has prioritized key areas of urban action towards a green economy,

including compact urban expansion, renewable energy and green infrastructure, green technology innovations and planning and building regulations.

54. At the regional level, UN-Habitat supported the African Association of Planning Schools in developing a curriculum on climate change and African cities in planning education and contributed to African regional efforts to address climate change and disseminate lessons learnt to date by organizing a "promising practices workshop" for 13 countries on selected practices related to urban planning and climate change.

55. In addition, urban youth have become engaged in climate change topics and in East Africa their involvement is being mainstreamed in the UN-Habitat Cities and Climate Change Initiative. To date the Initiative has launched multi-day workshops on youth sensitization, dialogue and skills development, followed by demonstration projects in Mombasa (Kenya), Kampala and Kigali.

56. UN-Habitat carried out a number of activities at the country level during the reporting year. It supported capacity-building for urban leadership in mainstreaming climate issues into urban development in six countries: Afghanistan, Mongolia, the Philippines, Serbia, Turkey and Viet Nam.

57. The Philippines has mainstreamed climate change adaptation and mitigation issues into the national development planning process by integrating participatory vulnerability assessments into the two mandated local plans for all local government units. UN-Habitat signed an agreement with the Philippines Department of Interior and Local Government in February 2011 for national replication of the mainstreaming approach. In addition, Sorsogon City has passed local legislation to convert public buildings and streets to more energy-efficient lighting, and gradually upgrade the city's fleet of motorized tricycle taxis.

58. With respect to urban climate change mitigation and resilience, the city of Maputo is developing, with UN-Habitat support, a pilot project on the mangroves in the coastal zone of the city, which officials expect will yield benefits both in terms of mitigation and resilience to extreme weather events.

59. UN-Habitat is also working with the city of Kampala to mainstream climate change into its gender policy, while gender has been mainstreamed into the city and national climate change assessments.

60. Climate change concepts and knowledge have been integrated into the undergraduate urban planning programme at the University of Botswana. Twenty-four courses touch on climate change and one course, "Planning and management for climate change", is fully based on the course outline designed at a 2009 meeting hosted by UN-Habitat in cooperation with the Commonwealth Association of Planners and the Institute for Housing and Urban Development Studies of Erasmus University.

E. Post-disaster and post-conflict reconstruction

61. In paragraph 8 of resolution 65/165, the General Assembly recognized the importance of timely action by UN-Habitat in response to natural and human-made disasters, in particular through its work in addressing post-disaster and post-conflict

housing and infrastructure needs through effective urban planning, and as part of the continuum from emergency relief to recovery.

62. During the reporting period, UN-Habitat activities in the area of post-disaster and post-conflict reconstruction were implemented within the framework of the Executive Committee on Humanitarian Affairs and the Inter-Agency Standing Committee. UN-Habitat remained active within the Executive Committee. Within the Inter-Agency Standing Committee global cluster coordination system, UN-Habitat chairs the Sub-Working Group on Housing, Land and Property of the Global Protection Cluster Working Group and provides an urban focus on relief, recovery and reconstruction programmes through the shelter, early recovery and protection clusters.

63. At the international level, UN-Habitat, jointly with the Food and Agriculture Organization of the United Nations, worked through the Global Land Tool Network on the preparation of three guidelines to strengthen international capacity to deal with land issues after natural disasters and in post-conflict situations.

64. Within the context of the Inter-Agency Standing Committee task force on meeting humanitarian challenges in urban areas of the Inter-Agency Standing Committee, UN-Habitat entered into partnership with the World Food Programme (WFP) on assessing tools, methodologies and experiences in humanitarian response in urban areas and collaborated in assessing the strengths and weaknesses of key tools. UN-Habitat also provided inputs to a WFP review of tools for targeting food assistance and of practices in an urban emergency context.

65. At the regional level, UN-Habitat worked closely with the regional office for Asia of the United Nations International Strategy for Disaster Reduction on mainstreaming issues on urban risks, safer construction and safer settlements through the Asian Partnership on Disaster Reduction, a regional mechanism involving the relevant regional stakeholders in implementing the disaster risk reduction strategies outlined in the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.

66. During the reporting period, a total of 11 crisis-prone and post-crisis countries were implementing policies that incorporate urban risk and vulnerability measures with the assistance of UN-Habitat. UN-Habitat continued to participate in shelter and early recovery coordination systems within humanitarian country teams through its operational portfolio. In this context, it provided country-level guidance, technical support and training to humanitarian coordinators and to humanitarian country teams in Haiti, Kyrgyzstan and Pakistan.

67. In addition, UN-Habitat also provided technical support to the International Federation of Red Cross and Red Crescent Societies with regard to its role as emergency shelter cluster coordinator in post-disaster operations. A series of country-specific agreements have been signed to ensure long-term shelter planning during emergencies and a smooth transition from crisis to recovery and reconstruction.

68. For the International Day for Disaster Reduction on 13 October 2010, UN-Habitat supported national launches of the world risk reduction campaign, "Making cities resilient", in Myanmar, Thailand and countries in the Pacific region.

69. Among the country-specific initiatives undertaken was a project in Antananarivo, on which UN-Habitat worked with the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the Office for the Coordination of Humanitarian Affairs to mitigate conflict and disaster risks through community-based improvements in sanitation and solid waste management. In the Sudan, UN-Habitat established its presence in Darfur in the field of regional urban planning, land management and housing construction. In Haiti, UN-Habitat continued its participation in the implementation of an umbrella reconstruction programme of $30,000,000 jointly with the United Nations Environment Programme (UNEP), UNICEF and UNFPA.

IV. Financial and budgetary matters

70. In paragraphs 12 and 13 of resolution 65/165, the General Assembly called for continued support for UN-Habitat through increased voluntary contributions to the United Nations Habitat and Human Settlements Foundation, predictable multi-year funding and increased non-earmarked contributions to support the implementation of the medium-term strategic and institutional plan for the period 2008-2013.

A. Non-earmarked contributions and multi-year funding

71. The approved general purpose budget for UN-Habitat for the biennium 2010-2011 was $66.2 million, while income projection was $57 million ($28.5 million annually) from voluntary contributions and $1.2 million from interest and investment income. The balance of $8 million was to be met from the cumulative surplus of the United Nations Habitat and Human Settlements Foundation.

72. Unfortunately, the effects of the global financial crisis on UN-Habitat activities are, as with other United Nations agencies, far from over. A number of major donors have had to make some hard decisions with regard to their multilateral funding to United Nations agencies. For UN-Habitat, the result has been either complete cessation or substantial reduction in non-earmarked funding support to the organization. During the first year of the current biennium (2010), the voluntary income received from donors was $16.6 million, falling well short of the $28.5 million projection. As of 31 March 2011, $16.9 million had been received for non-earmarked funds, which is about 30 per cent of the target of $57 million for the biennium 2010-2011. The annual income projection for 2011 has therefore had to be revised accordingly, from $28.5 million to $17 million.

73. As a consequence, UN-Habitat has had to rigorously assess its programmatic activities in line with available resources and current prioritization. A cautious approach in filling posts that fall vacant has also had to be followed.

B. Earmarked contributions

74. For earmarked resources, which are used predominantly for the implementation of technical cooperation projects, $261 million was received during the first 15 months of the 2010-2011 biennium, which exceeds the biennium target of $252 million by 3.6 per cent.

75. UN-Habitat technical cooperation projects during the reporting period accounted for approximately 65 per cent of its total combined budget. While the agency still needs to increase efficiency by eliminating delays in the early stages of field project implementation, it has clearly done quite well with respect to its technical cooperation projects, and the countries that provided resources for UN-Habitat operational work, especially in post-crisis environments, were happy with what had been achieved. In particular, the work undertaken in Afghanistan, Haiti, Iraq, Pakistan, Somalia and the Sudan was much appreciated.

76. The major drawback of the imbalance between non-earmarked and earmarked funding is that the ability of UN-Habitat to focus on its approved core work programme activities is becoming increasingly constrained, hence the continuing need to tilt the balance towards non-earmarked income, as well as the need for improved predictability of income.

V. Other significant developments

A. Flagship reports

77. During the reporting period, UN-Habitat published the *Global Report on Human Settlements 2001*, two issues in its regional state of cities series, and one national state of cities report.

Global Report on Human Settlements 2011

78. The effects of urbanization and climate change are converging in dangerous ways that seriously threaten the world's environmental, economic and social stability. The UN-Habitat *Global Report on Human Settlements 2011 — Cities and Change*, published in April 2011, sought to improve knowledge among Governments and all those interested in urban development and climate change, of the contribution of cities to climate change, the impacts of climate change on cities, and how cities are mitigating and adapting to climate change. More importantly, the report identifies promising mitigation and adaptation measures that are supportive of more sustainable and resilient urban development paths.

79. In the report, it is argued that local action is indispensable for the realization of national climate change commitments agreed through international negotiations. However, most of the mechanisms within the international climate change framework are addressed primarily to national Governments and do not indicate a clear process in which local governments, stakeholders and actors may participate.

80. In proposing the way forward, following a review of climate change mitigation and adaptation measures taken by cities all over the world, the report suggests three main areas in which the international community can support and enable more effective urban mitigation and adaptation responses:

(a) Financial resources need to be made more directly available to local players — for example, for climate change adaptation in vulnerable cities, for investment in a portfolio of alternative energy options and in mitigation partnerships between local governments and local private sector organizations;

(b) Bureaucratic burdens on local access to international support should be eased, with the international community helping to create direct communication and accountability channels between local actors and international donors;

(c) Information on climate change science and options for mitigation and adaptation responses should be made more widely available by the Intergovernmental Panel on Climate Change, the United Nations and other international organizations, including knowledge available about observed and future climate impacts on urban centres, urban-based mitigation and adaptation alternatives, and the costs, benefits, potential and limits of these options.

The State of African Cities 2010

81. During the reporting period, UN-Habitat published *The State of African Cities Report 2010: Governance, Inequality and Urban Land Markets*. This second regional report on Africa was launched in Bamako in November 2010. The report warns that the urban population of the continent stands to increase threefold over the next 40 years, with most of that growth taking place in slums. It is projected that Africa's urban population will grow to 1 billion in 2040, and to 1.23 billion in 2050, by which time 60 per cent of all Africans will be living in cities.

82. To meet this daunting demographic challenge, the report calls for "a people-centred perspective" which highlights the need for more appropriate and realistic planning and regulations that are affordable for the urban poor and that facilitate, rather than restrict, sustainable urban livelihoods.

83. The report states that over the past decade or so, North Africa has achieved dramatic reductions in the proportion of urban dwellers living in slums. However, in sub-Saharan Africa, slum improvements have generally been unable to keep pace with the rapid urbanization of the population and the report warns that short of urgent action, a threefold increase in the urban population could spell disaster.

84. The report also notes that most countries in sub-Saharan Africa are unlikely to meet the Millennium Development Goals targets. As much as 70 per cent of Africa's urban population growth will take place in smaller cities with populations of less than half a million, which will increasingly need public investment to cater for this growth.

85. The report contains an in-depth analysis of land mechanisms in Africa's five major subregions and suggests the integration of informal into formal land systems and markets.

Asian cities reports

86. UN-Habitat launched two new publications on Asia during the global celebration of World Habitat Day in Shanghai in October 2010: *The State of Asian Cities 2010/2011* and *The State of China's Cities 2010/2011: Better City, Better Life*.

87. *The State of Asian Cities 2010/2011*, which was prepared in collaboration with the Economic and Social Commission for Asia and the Pacific, UNEP, and the Asia-Pacific regional section of the organization United Cities and Local Government, highlighted the fact that Asia's prominent role in the world economy is driven by the relentless dynamism of its cities. However, the report also warned that Asian cities must prepare for climate change and adjust basic infrastructure and education to

ongoing demographic growth if this success is to be sustained in the decades ahead. Although the population of the region will not become predominantly urban before 2026, Asian cities already epitomize the successful integration of the region into the international economy over the past two decades.

88. The report on China, published in cooperation with Chinese experts, found that by the end of 2009, there were 654 cities in China that were home to 621.86 million people. With the gradual increase of urbanization, the position and role of the urban economy are becoming more important in the economic development of the nation. Urbanization is already an important force in the industrialization of China, driving the creation of jobs, the expansion of domestic demand and social progress. At the end of 2009, the total number of employed people in China was 779.95 million, of whom 311.20 million worked in cities and towns.

B. Regional ministerial meetings

89. UN-Habitat continued to support regional ministerial conferences on housing and urban development in Africa, Asia and the Pacific and Latin America and the Caribbean. As high-level organs of policymakers responsible for steering and implementing the urban agenda, these ministerial regional conferences provide an effective partnership instrument for UN-Habitat for influencing policy, backstopping implementation and allowing for joint monitoring and evaluation.

90. The African Ministerial Conference on Housing and Urban Development was held in Bamako from 22 to 24 November 2010. The theme of the conference was "Land in the context of sustainable urbanization". With support from UN-Habitat, ministers from the participating States drafted an action plan and declaration to tackle land issues, with a view to eliminating slums in African cities.

91. In June 2010, the Asia-Pacific Ministerial Conference on Housing and Urban Development held its third session in Solo, Indonesia, at which ministers from 38 countries deliberated on the issue of empowering communities for sustainable urban development and adopted the Solo Declaration and Implementation Plan.

92. The Latin America and Caribbean Ministerial Conference on Housing and Urban Development was held in Buenos Aires in September 2010. Its Assembly urged member countries to complete the strategic matrix on risk reduction with respect to natural disasters and climate change, prepared by the Economic Commission for Latin America and the Caribbean, and to support the development of urban and building regulations in countries where there is no such legislation. Climate change was designated as one of the topics to be discussed at the next Assembly.

C. Organizational and programmatic reforms

93. During the reporting period, UN-Habitat embarked on the formulation of a new strategic direction to ensure greater focus and coherence in the substantive work of the organization and to promote excellence in programme delivery and organizational management. It builds on the recognized achievements of UN-Habitat, while addressing its identified shortcomings. It also recognizes the main urban challenges of today, which are: (a) increasing urban poverty, inequality

and unemployment; (b) excessive energy consumption in cities, especially in developed countries; (c) rapidly increasing demand for urban mobility; and (d) increasing frequency of natural disasters and their increasing impact on cities.

94. Today, more than 50 per cent of the world's population is urban and the process of urbanization is continuing at a rapid rate, mostly in Africa and Asia. In many developing countries, especially in Africa where the rate of urbanization is highest, the most serious challenge is how to deal with increasing urban poverty and unemployment, because rapid urbanization has not been accompanied by rapid industrialization. However, in Asia and Latin America, countries such as China, India and Brazil are industrializing fast, and the challenge is how to manage this process, which is largely driven by urbanization.

95. The historical correlation between urbanization and energy consumption is well established. The economic growth of developed countries and their high energy consumption patterns were fuelled by low energy prices. However, current growth within developing countries is taking place in the context of high energy prices. These contrasting patterns call for profound energy consumption changes in developed countries and well thought out anticipation and advance planning in developing countries. On one hand, cities in developed countries cannot sustain their present levels of energy consumption. On the other hand, cities in developing country can take advantage of new renewable energy technologies not available to developed countries during their period of industrialization.

96. Inadequate urban planning during the last 30 years or so has resulted in serious mobility problems in many cities all over the world, but especially in the rapidly expanding metropolises of developing countries. Here, traffic congestion is an everyday reality that limits the ability of cities to generate value, create jobs and help their populations to prosper. In developed countries, a process of slow decentralization of the urban population through urban sprawl is taking place, leading to excessive energy consumption, greenhouse gas emissions and climate change.

97. In view of these evolving patterns, there is a need to reconsider current views of urbanization — to rethink the future of cities. A new strategy based on more effective urban planning, strengthened local institutions and legislative processes, and enhanced economic contributions from cities is needed. In all these areas, it is necessary to go back to the basics, to reduce the distance between political leaders and citizens and to provide solutions that are based on a perception of the city as an asset rather than as a problem.

98. It has therefore been decided that the substantive work of UN-Habitat will focus on three key areas: (a) new urban planning, with an emphasis on planning in advance of migration and population growth and planning at the scale of the challenges and in phases, starting with public spaces, especially the street; (b) urban governance and legislation; and (c) urban economy and finance, including the creation of decent jobs in urban areas.

99. UN-Habitat has, to some extent, already been working on these topics. What is new is the orientation and emphasis that will be placed on them. These priorities are fully in line with the UN-Habitat mandate, but also reflect significant global trends. To a certain extent they are reflected in the programme budget for the 2012-2013

biennium, but will be more fully reflected in the strategic plan for 2014-2019 and future biennial strategic frameworks and programme budgets.

100. In light of these new priorities, diminishing financial resources and the existing management challenges, UN-Habitat has initiated an organizational review process, which will result in a restructuring of the agency by the end of 2011. The objective of this exercise is to review and seek rationalization of the organizational structure of UN-Habitat for more effective and efficient delivery of its mandate at the country, regional and global levels.

VI. Conclusions and recommendations

101. **Since the second United Nations Conference on Human Settlements (Habitat II) in 1996, there have been a number of significant changes in the human settlements sector. These include the increasing demographic and global economic dominance of cities, now home to more than half of humanity; the rapid spatial expansion of urban settlements into mega-cities and large metropolitan regions; the emergence, globally, of new issues such as globalization, sustainable urban development, climate change, urban safety and security and increasing urban poverty; the changing roles of the public, private and non-governmental sectors in urban development, including the shift from enabling and deregulation policies towards a renewed emphasis on public policy, management and urban planning; and the increased frequency and intensity of natural disasters and conflicts and their impact on the urban population.**

102. **In light of these new trends, and based on the recommendations made by the UN-Habitat Governing Council, it is important that Governments review the effectiveness of past policies set forth in the 1996 Habitat Agenda, put in place a new agenda capable of responding to the new and predominantly urban challenges and find ways of strengthening the existing institutional framework for human settlements development. It is time for the General Assembly to make a decision supporting the convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016.**

103. **With more than 50 per cent of the world's population now living in cities and towns, and in light of the contribution of urban centres to global warming and of the significant impacts of climate change on urban settlements, it is clear that policies adopted and actions implemented at the city level will have an increasing influence on the attainment of sustainable development. It is therefore recommended that Governments include sustainable urban development and the role of cities and local authorities in the outcome of the United Nations Conference on Sustainable Development in 2012.**

104. **While the Millennium Development Goals target on slums has been achieved well in advance of the target date of 2020, 828 million people, globally, are still living in slums and the world's slum population is increasing at an estimated annual rate of close to 60 million. Strong support by the General Assembly for UN-Habitat Governing Council resolution 23/9 on global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target is therefore recommended.**

United Nations A/66/282

General Assembly

Distr.: General
9 August 2011

Original: English

Sixty-sixth session
Item 20 of the provisional agenda*
Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

Third United Nations conference on housing and sustainable urban development (Habitat III)

Report of the Secretary-General

Summary

In its resolution 64/207 of 21 December 2009, the General Assembly requested the Secretary-General, in collaboration with the Governing Council of the United Nations Human Settlements Programme (UN-Habitat), to prepare a report on the question of convening in 2016 a third United Nations conference on housing and sustainable urban development (Habitat III). Having taken note of the report of the Executive Director of UN-Habitat on convening a third United Nations conference on housing and sustainable urban development, the Governing Council, at its twenty-third session, invited the Assembly to deliberate further at its sixty-sixth session on the question of convening Habitat III in 2016. The present report, which is submitted pursuant to Assembly resolution 64/207 and Governing Council resolution 23/8 of 15 April 2011, makes the case for holding the Conference as a means of examining key developments that have emerged since the second United Nations Conference on Human Settlements, held in Istanbul from 3 to 14 June 1996, which include:

(a) The demographic dominance of cities, which now accommodate more than half of the world's population, and their much more dominant role as engines of national economic growth and development;

(b) The rapid spatial expansion of urban settlements, leading to the emergence of megacities, mega-urban regions, and increasing spatial and social fragmentation, poverty and inequality within cities;

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(c) The emergence of new global issues and forces, including high levels of internal and transnational migration, globalization, sustainable urban development, climate change, rising urban insecurity and crime, increasing destruction of human settlements by natural and human-caused disasters and conflicts, and rising informality within cities;

(d) The changing roles of the public, private and non-governmental sectors, that is, in terms of a shift from enabling policies, including deregulation, towards a resurgence of the role of the public sector in urban planning and development;

(e) The significantly increased frequency, intensity and impacts on cities of human-caused and natural disasters, and the much larger volume of operational work undertaken by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation.

This report recommends that Habitat III be held to outline a new development agenda, one that can respond to the new challenges and the new role of cities. The conference should also consider ways to strengthen the institutional frameworks for housing and sustainable urban development. It concludes by making recommendations on the preparatory process for the conference, for consideration by the General Assembly.

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I. Introduction

1. The present report was prepared pursuant to resolution 64/207 of 21 December 2009, in which the General Assembly took note of the recommendation made by the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) in its resolution 22/1.[1] Having considered the question of convening a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016, the Assembly requested the Secretary-General to prepare a report on that question, in collaboration with the Governing Council of UN-Habitat, for its consideration at its sixty-sixth session.

2. While considering the report of the Executive Director of UN-Habitat on the convening of a third United Nations conference on housing and sustainable urban development (Habitat III), a number of representatives reiterated their support for the holding of such a conference in 2016, viewing it as offering an opportunity to assess the achievements of the previous two conferences, to reflect on progress made in urban development and to tackle the challenges that such development has posed. In its deliberations, the Governing Council, at its twenty-third session, recognized that, substantial progress had been achieved in human settlements at the national, regional and international levels over the past decade. It acknowledged, however, a need for an in-depth review and assessment of global progress made towards the attainment of the goals of the Habitat Agenda[2] and of other international goals relevant to human settlements. In its resolution 23/8,[3] the Governing Council, inter alia, invited the General Assembly to deliberate further at its sixty-sixth session on the question of convening, in 2016, a third United Nations conference on housing and sustainable urban development.

3. The present report has been prepared pursuant also to Governing Council resolution 23/8 in order to provide an update on progress made in implementing the Habitat Agenda and the Istanbul Declaration on Human Settlements,[4] the main outcomes of the United Nations Conference on Human Settlements (Habitat II), held in Istanbul from 3 to 14 June 1996, and the Declaration on Cities and Other Human Settlements in the New Millennium,[5] and other international goals relevant to human settlements. It also makes the case for holding Habitat III.

II. Overview

4. It is more than 15 years since the second United Nations Conference on Human Settlements (Habitat II), which culminated in the adoption of the Istanbul Declaration on Human Settlements and the Habitat Agenda, documents setting out goals and principles, commitments and a global plan of action for achieving the twin goals of adequate shelter for all and sustainable human settlements development in an urbanizing world. While significant progress has been made in many regions of

[1] See A/64/8, annex I, sect. B.

[2] *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex II.

[3] See A/66/8, annex, sect. B.

[4] *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex I.

[5] General Assembly resolution S-25/2, annex.

the world towards achieving these goals, today more than ever before. Governments are facing major urban challenges, as a result partly of the failure of previous policies and partly of the rapid urbanization and emergence of mega-urban regions, together with the advent of new challenges such as globalization, global economic crises, rising urban crime and violence, and climate change.

5. Cities and urban centres, which have become engines of economic development, are both central to the value chain of production and consumption, defining social, political and economic relations, and responsible for large proportions of countries' gross domestic product (GDP). Cities have become crucial to achieving national, regional and global development and promoting sustainable urban development. Indeed, urban centres are now the dominant habitat for humankind. Yet, cities, particularly in developing countries, are beleaguered by poverty, insecurity and increasing informality and slum formation which adversely affect their contribution to national development.

6. The shift in the role and configuration of the city, in addition to the urbanization of poverty (characterized by the global rise of slums), has become more pronounced over the past decade, thus impinging significantly on the commitments and the full realization of the goals and outcomes identified in the Habitat Agenda. The evolution of new synergies, the development of new relationships in cities, and new advances in science, technology and business systems have also affected the expected outcomes of Habitat II. New scenarios have emerged that require new responses, although progress in respect of the normative underpinnings of the Habitat Agenda has been beneficial.

7. In 2001, five years after the adoption of the Istanbul Declaration, a major review was conducted of the implementation of the Habitat Agenda, resulting in the adoption on 9 June 2001 of the Declaration on Cities and Other Human Settlements in the New Millennium. Even at that early stage, the irreversibility of urbanization was confirmed and the prospect of a rapidly increasing process of urbanization was recognized. The main response, however, was to reaffirm the Istanbul commitments and to call for the efforts agreed upon earlier to be redoubled to achieve the twin goals of the Agenda. Today, the magnitude of those challenges and the precarious situation faced by an ever-growing proportion of the global population has been considerably amplified. The balance of forces has altered and new issues and opportunities have emerged. Indeed, this new phase urgently requires a review of the global urban agenda.

8. The changes that have taken place in the internal dynamics of the city are not the only driving force behind the need for review. The implementation of the Habitat Agenda over the past 15 years underlines a need to take stock of the lessons learned and goals achieved through an array of policies and strategies, in addition to the setbacks experienced. There have been changes of approach: first, from a fragmented and sectoral implementation of the Agenda, to an integrated effort which establishes links within the dynamics of an urban setting. Second, there has been a switch from policies designed to deregulate the housing market, towards more direct public sector approaches, embraced by some Governments and non-State actors, aimed at reinforcing the Agenda's commitment to the full realization of the right to adequate housing. Third, greater emphasis is now laid on sustainable urban development within the overall context of sustainable human settlements development. The implications of these shifts are quite profound, particularly in an

era marked by globalization, climate change and increasing decentralization and transfer of responsibilities to city governments.

9. At the dawn of the twenty-first century — a century recognized as the century of the city — there is an urgent need to revisit the Habitat Agenda and its implementation so as to prevent this new century from becoming the century of slums. The proposed third United Nations conference on housing and sustainable urban development will provide a forum for serious consultations between Governments and Habitat Agenda partners on the world's urban future, a future certain to be characterized by unprecedented challenges and serious risks.

10. Charting that urban future will need to take into account the following key changes that have emerged since the 1996 second conference:

(a) The demographic dominance of cities, which now accommodate more than half of the world's population, and their much more dominant role as engines of national economic growth and development;

(b) The rapid spatial expansion of urban settlements, leading to the emergence of megacities, mega-urban regions, extensive urban corridors, and often chaotic peri-urban areas, in addition to increasing spatial and social fragmentation, poverty and inequality within cities;

(c) The emergence of new global issues and forces, including internal and transnational migration, globalization, sustainable urban development, climate change, rising urban insecurity and crime, increasing destruction of human settlements by natural and human-caused disasters and conflicts, and rising informality within cities all over the world;

(d) The changing balance among the roles of the public, private and non-governmental sectors, reflecting the shift from enabling policies and strategies, including deregulation, towards a resurgence of the role of the public sector in urban planning and development;

(e) The significantly increased frequency and intensity of human-caused and natural disasters and of their impacts on cities, as well as the much larger volume of operational work undertaken by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation.

11. In the following sections, additional information is provided on the issues raised above.

III. The urban age

12. The global urban transition witnessed over the past decades has been phenomenal, presenting Governments and local authorities with unprecedented challenges. In 2008, for the first time ever, over half of the world's population was living in urban areas and, according to current projections, this figure will rise to 70 per cent by 2050. Almost all of this growth will take place in developing countries. Between 2007 and 2025, the annual urban population increase in developing countries is expected to be 53 million (or 2.27 per cent), compared with a mere 3 million (or 0.49 per cent) in developed countries.

13. Generally, urban centres have become vibrant instruments for economic, social and human development. They attract investment and create wealth. They enhance social development and harness human and technological resources, resulting in unprecedented gains in productivity and competitiveness. Indeed, cities have become the repositories of knowledge and agents of social, political and economic change.

14. While the vibrancy associated with urban development has become more prominent in large cities, some of which have become megacities or sprawling mega-urban regions, the bulk of urban growth has been taking place in small and medium-sized cities, mostly with populations of less than 500,000 people. Indeed, it is estimated that, as early as 2005, almost half of the global urban population already lived in cities of that size and the pattern is set to continue in the immediate future. The paradox of this spatial demographic phenomenon lies in the fact that such small urban centres suffer from an acute lack of the managerial resources and institutional capacities required to cope with the new challenge arising from their being the dominant urban habitat.

15. At the same time, cities have also become a locus of increasing poverty and deprivation. This is a particular problem in much of the developing world, where rapid and unmanaged urbanization is accompanied by slum formation, poorly built housing, increasing poverty and vulnerability to human-caused and natural hazards, in addition to growing inequalities, all of which pose serious threats to human security and safety and national development and social cohesion. In 2010, 828 million urban-dwellers in the developing world were living in slums, deprived of the most basic amenities such as water, sanitation, security of tenure, durable housing and sufficient living space. Some countries have succeeded in reducing the proportion of slum-dwellers in the total urban population. In absolute terms, however, the number of urban slum-dwellers has been increasing globally and will continue to increase if no concerted action, involving national and local governments, non-governmental and community-based organizations and the international community, is taken. If this situation persists, it could become a major threat to social stability and global peace and security.

16. While the spatial and scale factors were implicitly addressed in the Habitat Agenda, the speed with which change and institutional realignment have taken place, together with the all encompassing nature of urbanization, marks a new state of affairs. Change is occurring at so swift a rate as to be almost overwhelming. The procedures for developing land, providing housing, delivering basic services, creating employment and facilitating urban mobility have to be drastically improved to ensure the attainment of the critical balance between demand and supply.

17. With regard to the all-encompassing nature of urbanization, the rise of the city within the national institutional framework has led to the emergence of new relationships and even new politics. Twenty years ago, providing the impetus lay with national Governments, charged by the Habitat Agenda to take a leading role in enabling other key stakeholders to play an effective role. It is evident today that this responsibility for building partnerships and achieving lasting results is being delegated to city authorities. Other stakeholders, including from the private sector, such as banks and developers, in addition to civil society groups, are vigorously asserting themselves and are thus contributing to the overall dynamism of urban development.

IV. Milestones in sustainable urbanization and international responses

18. While the conclusions reached at the first United Nations Conference on Human Settlements, held in Vancouver, Canada, from 31 May to 11 June 1976, clearly defined urbanization as a challenge in need of control, the second conference 20 years later regarded urbanization and the cities resulting therefrom as offering an opportunity and engines for growth. The Istanbul Declaration identified two goals: adequate shelter for all and sustainable human settlements in an urbanizing world.

19. The Millennium Summit, convened in New York from 6 to 8 September 2000, resulted in the adoption by the General Assembly of the United Nations Millennium Declaration,[6] which implicitly endorsed the goal of "Cities without slums" and formed the basis for the Millennium Development Goals, a group of eight time-bound international targets relevant to sustainable development which provided a further impetus to the implementation of the Habitat Agenda. The focus on poverty eradication and environmental sustainability mirrored that of the Habitat Agenda.

20. In 2001, at the sixth plenary meeting of the twenty-fifth special session of the General Assembly to review the implementation of the Habitat Agenda, the representatives of Governments reaffirmed their will and commitment to implementing fully the Istanbul Declaration on Human Settlements and the Habitat Agenda. The review process revealed important findings: countries were becoming increasingly interdependent and cities more competitive; and urbanization and globalization had both accelerated since the second United Nations Conference on Human Settlements and were contributing to both increased prosperity and urban poverty in some regions.

21. The Habitat Agenda was also a point of reference for the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002. Participants at the Summit reaffirmed that sustainable development was a central element of the international agenda and gave new impetus to global action to fight poverty and protect the environment. They recognized the phenomenon of urbanization as part of the sustainable development equation to a greater degree than had participants at previous international meetings on sustainable development. They reaffirmed the Millennium Development Goal target of improving the lives of slum-dwellers and access to safe drinking water and to basic sanitation as essential to promoting urban well-being.

22. Water, sanitation and sustainable human settlements were also considered at the twelfth and thirteenth sessions of the Commission on Sustainable Development in 2004 and 2005. The reports of the Secretary-General on sustainable human settlements development provided the basis for the Commission's review of and conclusions on progress made at all levels to attain the human settlements goals and targets contained in Agenda 21,[7] the Programme for the Further Implementation of Agenda 21,[8] and the Plan of Implementation of the World Summit on Sustainable

[6] See General Assembly resolution 55/2.

[7] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[8] General Assembly resolution S-19/2, annex.

Development.[9] The operationalization of the Habitat Agenda was given further impetus by the outcome of the High-level Plenary Meeting of the sixtieth session of the General Assembly, at which the Assembly recognized the urgent need for the provision of increased resources for affordable housing and housing-related infrastructure, prioritizing slum prevention and slum upgrading; and encouraged support for the United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility.[10]

23. There have been a continuing convergence of the environmental and the human settlements agendas, and remarkable progress in the regulations that underpin the Habitat Agenda, reflecting a deeper understanding of the notion of sustainable development.

24. It is worth noting that, while there have been fewer global conferences since 2005 focusing specifically on cities and human settlements, consultations have continued to take place within the framework of the General Assembly. The decade-long consultations that ultimately led to the approval by the Governing Council of guidelines on decentralization and strengthening of local authorities, in its resolution 21/3 of 20 April 2007,[11] is one example of such a process. Similarly, there have been other channels, such as the World Urban Forum, held every two years, which is now a major non-statutory conference of partners that tackles emerging issues relevant to the Habitat Agenda. Moreover, the Secretary-General has presented regular progress reports on human settlements to the Assembly, to which the Assembly has responded, often by adopting resolutions. The Governing Council of UN-Habitat has also sustained this momentum by adopting several resolutions on key elements of the Habitat Agenda, notably: the right to adequate housing; guidelines on access to basic services for all; public-private partnerships to finance affordable housing; and cities and climate change.

V. Performance review

25. A comprehensive review of the Habitat Agenda was undertaken nine years ago, during the twenty-fifth special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of UN-Habitat. While the assessment was generally positive, some obstacles were highlighted. In terms of policy, institutions and programmes, there is evidence of concerted efforts by countries to live up to the commitments and to take specific measures in line with the global plan of action contained in the Habitat Agenda. The cumulative impact of all the interventions has not, however, been sufficient to realize the goals of adequate shelter for all and sustainable human settlements development.

26. The UN-Habitat report entitled *State of the World's Cities 2010/2011: Bridging the Urban Divide*[12] confirmed that, over the past 10 years, the share of the urban population living in slums in the developing world has fallen from 39 per cent (in

[9] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[10] See General Assembly resolution 60/1, para. 56 (m).

[11] See A/62/8, annex I.B.

[12] London, Earthscan, 2010.

2000) to 33 per cent (in 2010). On a global scale, this is cause for optimism. That more than 200 million slum-dwellers have gained access to improved water, sanitation or durable and less-crowded housing shows that countries and municipal governments have made serious attempts to improve slum conditions. In absolute terms, however, the number of slum-dwellers in the developing world has actually grown and will continue to rise in the near future. The progress made has not been sufficient to offset the growth of informal settlements in the developing world, where the number of urban residents living in slum conditions is now estimated at some 828 million, compared with 657 million in 1990 and 767 million in 2000.

27. In terms of future projections, it is estimated that close to 3 billion people, or about 40 per cent of the world's population, will need new housing and basic urban infrastructure and services by 2030. Assuming an average household size of five people, 565 million new housing units will be needed. If this number is broken down on an annual basis for the period 2003-2030, approximately 20 million housing units per year will be required.

28. With regard to housing provision, there was a noticeable retreat of the State and an increasing reliance on the private market as a result of changes in public policies and cuts in government expenditure. Housing was no longer a political priority and the market failed to provide affordable and adequate housing opportunities for low-income households. The impact on cities has been severe and far-reaching. First, the interdependence of the housing sector with other parts of the economy and its role in reducing poverty and generating employment were not recognized. Second, informal land and housing developments became engines of cities' growth, which in turn drove slum growth, resulting in disastrous effects on the urban spatial structure and residents' quality of life. Third, self-organizing initiatives involving international and national non-governmental organizations multiplied, accompanied by the creation of urban poor federations and savings groups, whose goal was to provide those excluded from formal housing finance and limited public housing programmes with access to serviced land and housing. Lastly, Habitat Agenda partners worldwide embraced the Agenda's commitment to defending the right to adequate housing. This has influenced legal and constitutional reforms and the design of targeted subsidy programmes, and encouraged advocacy groups to improve the housing conditions of the poor.

29. Nevertheless, access to land and housing remains limited and participants at the regional ministerial conferences on housing for Asia, Africa and Latin America are calling for broad housing reforms and a new generation of housing and land policies. The proposed third United Nations conference on housing and sustainable urban development would provide a much-needed opportunity to re-examine previous approaches and adopt a new global housing strategy, one that is more inclusive, rights-based, financially creative and in line with green building practices and environmental sustainability.

30. With regard to social development and the eradication of poverty, some progress has been made in tackling the phenomenon widely observed during the five-year review — that is, the urbanization of poverty and, more particularly, its feminization. In various developing countries, steps have been taken to facilitate access to land and improve its security, particularly for women, to foster social inclusion and integration and to embark on poverty eradication programmes. Nevertheless, the urbanization of poverty persists and the phenomenon has been

compounded recently by increasing inequalities in income, and in access to services and, more particularly, by a lack of opportunities.

31. With regard to urban environmental management, significant progress has been made in managing and controlling pollution through liquid and solid waste management technologies and innovations in recycling and protection of vulnerable ecosystems through planning and regulatory controls. The notion of an ecological footprint of cities has emerged, and a distinction has been made between what are known as the "brown" agendas and the "green" ones, demonstrating concern at the phenomenon of urban growth and its impact on the surrounding environment. The brown agenda remains a complex issue for many developing countries, although there has been progress in reconciling it with the green agenda. The renewed debate on the role of planning and the impact of climate change has brought this question to the fore. Cities are encouraged to adopt low-carbon growth patterns of urbanization, where improvements in living standards are not made at the expense of its ecological and carbon footprint.

32. As stated above, cities are responsible for most of the GDP of many countries and have assumed a pivotal role in national and global development. The process of globalization has created hierarchies of cities, tenuously interlinked through production, trade, services and administration. Generally, this economic dynamism is not shared equally among cities in a particular country or, more significantly, among regions. The starkest inequalities in cities are to be seen in the context of the economic development that has taken place over the past 15 years.

33. More initiatives have been taken to improve urban governance. Institutional changes designed to ensure subsidiarity, civil society participation, transparency and accountability have been introduced worldwide. Decentralization policies have been adopted and have strengthened municipal autonomy and city governments in both developed and developing countries. Innovative processes, such as participatory budgeting, are being disseminated for adaptation worldwide. New partnerships and business arrangements have evolved and are helping to improve efficiency and effectiveness.

34. These positive changes notwithstanding, the role of local authorities in developing countries, particularly in urban management, remains generally weak. Political and administrative decentralization has not been followed by fiscal autonomy, meaning that local authorities remain relatively deprived of financial resources and dependent on resources originating from intergovernmental transfers. National institutions continue to dominate, using most of the revenue generated and remaining responsible for most of the expenditure. In many parts of the world, there has been modest progress in respect of citizen participation in decision-making processes, in addition to implementing and even monitoring and evaluating public policies, but decentralization needs to be taken further.

35. Lastly, with regard to international development, laudable measures have been taken to implement the Habitat Agenda. The transformation of the former United Nations Centre for Human Settlements into a full United Nations programme, the United Nations Human Settlements Programme (UN-Habitat), has strengthened capacity to monitor and implement activities and honour commitments. For almost a decade, substantial resources have been provided to carry out activities and to support initiatives for exchanging and sharing experiences and best practices.

36. The rapid pace of urbanization over the past five years and the growing number of problems faced by cities have not, however, been matched by increased aid from development partners to Governments and cities. On the contrary, aid has actually decreased. The Habitat Agenda, and the urban agenda in particular, has received inadequate support and many bilateral development agencies have downsized or even ended their urban programmes.

VI. Current and emerging urban challenges

37. Implementing the Habitat Agenda and achieving its goals has been affected not only by the approaches adopted, but also by the new issues that have emerged over the years.

A. Climate change and urban risks

38. It is acknowledged that cities are a major producer of greenhouse gases. They therefore have a key role to play in mitigating greenhouse gas emissions and adapting to climate change, in addition to promoting energy efficiency through more appropriate land-use planning, new urban spatial patterns, more efficient urban management and green building practices.

39. Millions of people are already, or will be, affected by climate change. Urban areas, which typically have high concentrations of populations and buildings, are particularly vulnerable. Cities located in coastal areas, along riverbanks, on steep slopes or in other disaster-prone areas are particularly vulnerable to global warming and to the growing threat of extreme weather events and rising sea levels. It is worth noting that coastal cities are particularly vulnerable to cyclones, which have been more frequent and intense over the past three decades. Climate change is expected to compound the overall vulnerability of urban areas through rising sea levels, more frequent and intense extreme weather events, and inland flooding, among other challenges. Conversely, areas where climate change is expected to reduce rainfall may be affected by drought, shrinking water tables and food scarcity.

40. In urban areas, the poor are the most vulnerable to the effects of climate change, particularly slum-dwellers in developing countries. High urban land and housing costs are pushing low-income households into locations that are prone to natural hazards, increasing their vulnerability and encouraging perverse urbanization patterns. Four of every 10 non-permanent houses in the developing world are now located in areas threatened by floods, landslides and other natural disasters. Significantly, such disasters are only partly the result of natural forces: they are also products of failed urban management and planning and limited capacities to enforce regulations and control development activities. Paradoxically, disasters can also create opportunities; recovery and reconstruction offer a unique chance to re-evaluate past practices and rewrite development policies for disaster-prone areas, thereby building the capacities to counteract, mitigate and forecast the effects of natural disasters.

41. In response to increasing urban risks, the volume of operational work carried out by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation has increased significantly since the second United Nations

Conference on Human Settlements (Habitat II). Most of the post-disaster and post-conflict programmes and projects are demand-driven and the voluntary financial contributions made by donors for this work now constitute a significant proportion of the UN-Habitat annual budget.

42. Climate change is a driving factor in rural-urban migration, with droughts, desertification and soil erosion leading people to settle on fragile land and in informal settlements on the periphery of cities or in crowded slum areas in the urban centre. Overcrowded and under-serviced settlements and urban neighbourhoods leave millions exposed to health risks and both human-caused and natural disasters.

43. Another major concern is urban sprawl: the expansion of suburbia and informal settlements on peri-urban lands. Cities have in about half a century invaded their surrounding environments, threatening natural resources and increasing commuting distances and dependence on private cars. This phenomenon has had an adverse impact on the ecological footprint of cities and has encouraged the use of oil as an energy source, thus increasing greenhouse gas emissions. This sets new imperatives for housing policies, urban planning and design, especially in terms of types of housing, urban density and transport both within and between cities.

B. Slum prevention and slum upgrading: housing matters

44. Given that, today, one third of urban-dwellers in developing countries, or one sixth of the world's population, live in slum conditions, with the threat of this figure doubling over the coming 20 years, the problem of slums and access to serviced land and housing remains one of the greatest challenges facing cities in the twenty-first century. On the one hand, slum housing needs to be tackled through a range of improvements and upgrading programmes. The biggest change during the past 15 years was a move from neighbourhood-based to city-wide slum upgrading programmes, in an effort to gain scale and integrate these areas into the cities' formal, legal, institutional and urban planning and management frameworks. On the other hand, however, slum prevention strategies have fallen short and have not been utilized in tandem with slum upgrading policies.

45. Slum prevention can succeed only if there are policies in place designed to make a wide range of housing opportunities and serviced land available to all segments of the population. Progress has been slow and timid during the past 15 years. Enabling the housing sector to work effectively is therefore critical for slum prevention. This is the greatest challenge for the future. Given the need to provide housing opportunities on an appropriate scale, at an affordable price, with houses of different size, price and type, and in suitable locations vis-à-vis access to employment and income-generation, housing is likely to affect the future of cities, directly influencing their ecological and economic footprints and their overall sustainability.

46. The scale of supply is fundamental, as it affects housing prices and the overall performance of the housing market. Effectiveness in this regard is likely to lead to greater choice and affordability and prevent slum formation by providing viable alternatives to informal land and housing developments. Enabling the housing sector to operate effectively and play its role is therefore likely to have a direct effect on cities' sustainability. Inclusion of the housing sector in urban planning and management and the institutional and policy reforms dealing with land delivery,

investments in infrastructure and municipal finance, will enable a new generation of urban policies to be shaped. Links with economic sectors will be strengthened, leading to job creation, local economic development and poverty reduction.

C. Economic development challenges

47. Processes of globalization and economic restructuring in recent decades have affected urban labour markets, which show a growing polarization of occupational and income structures (and hence growing income inequality) caused by the growth of the service sector and the decline of manufacturing in developed economies, with their important gender dimension, as women have increasingly moved into paid employment.

48. The global economic crisis, which began in the housing finance sector in 2008, has accelerated economic restructuring and unemployment in all parts of the world, with a direct impact on urban labour markets, causing rapid growth in the urban informal economy in all regions. Informal sector jobs account for more than half of all employment in Africa and in Latin America and the Caribbean, and a little less in Asia. Among the most significant urban challenges that Governments have to tackle in the next few decades, especially in developing countries, are increasing poverty and inequality, in addition to the rapidly expanding urban informal sector and the growing social insecurity affecting the majority of citizens engaged in informal or small businesses.

D. Social and spatial challenges

49. New spatial forms and processes have emerged, whose drivers often lie outside the control of local governments. Social and spatial change appears to have taken place primarily in the direction of the fragmentation, separation and specialization of functions and uses within cities. This is reflected in growing differences between wealthier and poorer areas, both residential and industrial, in both developed-country and developing-country cities. While much of this represents the playing out of market forces in cities, reflecting the logic of real estate and land speculation, it is also a response to local policies that have sought to position cities globally so as to attract new investment through competitive city approaches. In some parts of the world, including in Latin American and Caribbean cities, fear of crime has increased urban fragmentation as middle- and upper-income households segregate themselves into gated communities.

50. In many poorer cities, creation of spatial forms is largely driven by the efforts of low-income households to secure land that is affordable and in a location close to employment and other livelihood sources. This process is leading to entirely new urban forms as the countryside itself begins to urbanize. In fact, the bulk of rapid urban growth in developing countries is now taking place in unplanned peri-urban areas, some of them beginning to connect distant urban centres through huge urban corridors.

51. The integration of migrants in an urban context has to be recognized as a unique challenge brought about by rapid urbanization and technological advancements. Local responses have varied from fostering a process of cultural assimilation, through the creation of cultural "melting pots", to providing for the

evolution of "cultural mosaics". It is clear that, in all cases, this ever-connected and interdependent world cannot afford exclusivity, isolationism or segregation. It must be noted that cultural diversity often enhances creativity within communities, strengthens social cohesion and contributes to cross-cultural relations and international peace and security.

E. Insecurity and crime

52. It is also useful to include among the emerging issues the spectres of crime and terrorism, which are now part of the daily consciousness of many citizens. Security is a major consideration in the design of buildings. Travel, information systems, the packaging of goods and even relations between individuals are all affected by the threat of crime and insecurity.

53. In many cities, domestic or armed violence, gang murders and kidnapping are facts of life. Fearful urban societies are responding with short-term solutions, such as gated communities and private security firms, which are options unavailable to the urban poor. Fear of crime is creating an atmosphere of urban paranoia, with some cities almost failing to function normally. This situation exacerbates urban informality, exclusion, extralegality, unlawfulness and incivility.

54. Crime and violence have negative repercussions on cities' economies: jobs are lost, as are local or global investments. Socially, the quality of life of local populations is affected dramatically. In cities in which crime is rife, public and private manufacturers and service providers have to bear extra costs which adversely affect the poor, who cannot afford to incur such costs.

55. While all the aforementioned issues were covered in the Habitat Agenda, they have recently become more urgent. The worsening situation has hampered the achievement of the goals set out in the Agenda and has even eroded some of the progress made.

VII. Future challenges and opportunities for sustainable urbanization

56. It must now be asked what direction global urban development will take over the coming 25 years and what the main indicators are that can help Governments and their private sector and local partners, in addition to the international community, prepare for the urban future.

57. These and other pertinent questions need to be answered as the 20-year anniversary of the Habitat Agenda looms. Humankind has become an urban species. Globally, this stage has coincided with a severe backlog in meeting the needs and demands for housing, basic services and infrastructure, in addition to means of generating livelihoods. Current urban trends are characterized by increased inequality, which often degenerates into alienation and the marginalization of the majority at the hands of the minority. The new issues and challenges identified above will make the urban agenda a global priority.

58. In the short and medium terms, there are two basic scenarios. In the first, cities fail to meet future needs as a result of a lack of necessary resources and a failure to

set political priorities. In less than a generation, some 2 billion people could end up living in substandard housing and overcrowded informal settlements. Slums will proliferate and poorly planned cities and dysfunctional metropolitan regions will constitute the dominant urban pattern in Africa, Asia and Latin America. At the same time, many urban areas in the northern hemisphere will continue to shrink and lose their economic vitality as a result of suburban sprawl, ageing populations and deindustrialization. Many people living in poorly planned urban areas will lack access to adequate housing and basic services. Few will be recognized as urban citizens and many will end up working in the informal economy or enter criminal circles. Fewer still will realize their productive potential.

59. The other scenario is one where the urban challenges rise to the fore of public policy and are matched with public and private investments in responsible urban growth, including robust housing policies coupled with rational land-use planning and improved urban infrastructure and basic services, in addition to the full exploitation of technology, so as to reduce and halt current rates of slum formation and contain the ecological footprint of cities. This will also require stable, flexible and effective institutions that can make sense of and address the complex interrelated issues. The emerging paradigm is one of greener, more resilient and liveable cities, which create job and business opportunities that are sources of decent work and livelihoods and lift millions of people out of poverty and inadequate housing. This will have to be accompanied by systemic interventions and bold reforms capable of meeting the need for accelerated, broad and equitable access to land, housing and basic infrastructure and services.

60. The social, economic and environmental consequences of these two scenarios are quite evident and easy to comprehend. Meanwhile, hundreds of cities and towns are each in its own way grappling with the issue of how to manage urbanization and address its key challenges, whether in the form of urban sprawl, urban decay, shrinking cities or slum formation. Some are achieving success against great odds.

61. Increasingly, Governments are beginning to promote national policies aimed at making municipal and local action for sustainable urbanization possible. Their efforts remain, for the most part, piecemeal, however. Hundreds, perhaps thousands, of organizations, are setting precedents, developing tools and offering policy options designed to meet the urban challenge, yet these actions are disparate. Their work is rarely recognized or assessed and the collective impact of their actions is not realized and, more importantly, they rarely reach the scale required to face the challenges.

62. Regardless of the unknown challenges that future urban societies will face, they will have to develop new capacities to achieve sustainable urban development, become resilient and act on the basis of incomplete and imperfect understanding and information. Well-informed and evidence-based policies need to be nurtured, capacities strengthened and new instruments and participatory tools developed and tested.

63. Concerted efforts need to be made to consolidate and reinforce the participation of a multitude of actors and stakeholders and to coordinate their actions in order to tackle the urban challenges of tomorrow. Every urban-dweller is a key actor in determining the way in which urban areas will develop and perform in the twenty-first century. Central, regional and local governments, together with civil society, the private sector, academic institutions and urban citizens and their grass-roots organizations, should all rally around the goal of sustainable urban

development. Cooperation and solidarity are essential to overcoming these challenges and bringing them to the attention of the international community at the proposed third United Nations conference on housing and sustainable urban development. These are the main reasons why convening the conference is so important and timely.

VIII. Essence of the third conference

64. The third United Nations conference on housing and sustainable urban development will focus on the theme of "urban futures", providing likely urban trajectories and scenarios and an evaluation of the period since the second conference, so as to determine the urbanization challenges and opportunities facing cities in the new millennium, and how the United Nations, and particularly UN-Habitat, should support stakeholders, including Governments, in achieving sustainable urban development. While the outcomes of the second conference constituted essentially a national-local agenda, the third conference will consider mechanisms for global implementation and reporting, in addition to international conventions for tackling some dimensions of sustainable urban development, such as climate change.

65. Through enhanced sustainable urban development networks, the conference will bring together cities, Governments, civil society, the private sector, academic institutions and interest groups to review urban and housing policies within an international governance architecture, and draft a new urban agenda, one that recognizes the ever-changing dynamics of human civilization.

66. The conference will benefit from city authorities' recent experiences and their partnerships with various stakeholders, including city-to-city partnerships, the private sector and various types of grass-roots federations, all of which demonstrate potential approaches for creating greener, more resilient and more liveable cities with vibrant urban economies and equitable access to land, housing and basic services and infrastructure. Global monitoring of and research into current urban situations will form the basis of the road map for the conference and the discussions thereat.

67. At the conference, agreement will be sought: on consolidating lessons learned from previous programmes; on scaling up programmes that use best practices to tackle the critical lack of housing, land and basic services and infrastructure; on mobilizing resources for specialized technical assistance for sustainable urban management and the design and implementation of slum prevention strategies; on creating networks between urban and other sustainable development sectors in order to tackle issues that are generally addressed through fragmented and unproductive sectoral approaches; and on producing effective government and city responses to emerging challenges, such as climate change and urban insecurity and crime.

IX. Conference objectives

68. The objectives of the conference are fivefold:

(a) To undertake a comprehensive critical review and assessment of the implementation of the Habitat Agenda, the Declaration on Cities and Other Human

Settlements in the New Millennium and the relevant internationally agreed development goals;

(b) To identify major constraints hindering the implementation of the goals set forth in those outcomes;

(c) To tackle new challenges and opportunities that have emerged since the second conference, including climate change, the proliferation of slums, and urban safety and security;

(d) To outline a new development agenda that is capable of responding to the new challenges and strengthening the new role of cities and relevant institutional frameworks in sustainable urban development and housing;

(e) To assess and redefine the governance structure of UN-Habitat and of its strategic development partners in the new development approach.

X. Draft schedule of the conference

69. A possible schedule would begin with an organizational session of the preparatory committee, to be held in Nairobi in 2013. The first session of the preparatory committee would be held in 2014, followed by regional and subregional meetings; the second session in 2015; and the conference itself in 2016, at a location to be decided.

XI. Conclusion and recommendations

70. Some 15 years after the adoption of the Istanbul Declaration and the Habitat Agenda, today more than ever before, the international community is facing major urban challenges and enormous opportunities. Significant progress has been made towards attaining the goals of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium. There have also, however, been setbacks and problems. New issues have emerged and the relationship between key sectors of society has evolved. Another conference on human settlements needs to be held to assess the ability of the international community to confront the new urban future, with its associated difficulties and opportunities.

71. Although a few global conferences have been held within the framework of the United Nations system to tackle urban issues during the intervening years, they have focused on specific aspects of urban development and were generally attended by representatives of national Governments. It is now becoming clear that the experience of various sectors should be included and a more holistic approach to sustainable urban development adopted. To achieve this, a stronger, collective pact will need to be struck.

72. In view of the above, it is recommended that the General Assembly:

(a) Call upon Governments, organizations of the United Nations system and all Habitat Agenda partners to recognize, deepen and renew their commitments to sustainable urban development and housing development by increasing their efforts to implement the Habitat Agenda and the Istanbul Declaration on Human Settlements, the Declaration on Cities and Other Human Settlements in the New

Millennium, and other international goals relevant to sustainable urban development;

(b) Call upon Governments to continue providing their support to UN-Habitat and, in this regard, to contribute to the United Nations Habitat and Human Settlements Foundation in support of enhanced implementation of the Habitat Agenda and the Istanbul Declaration on Human Settlements, the Declaration on Cities and Other Human Settlements in the New Millennium, and other international goals relevant to sustainable urban development;

(c) Invite Governments to discuss and decide on the proposal of convening, in 2016, a third United Nations conference on housing and sustainable urban development (Habitat III);

(d) Also invite Governments to provide guidance on both the substantive aspects and the organizational modalities for the conference. It is also recommended that the agenda to be considered should include ways and means of strengthening the institutional framework for sustainable urban development and housing, and should assess and redefine the governance structure of UN-Habitat and of its strategic development partners within the context of the new development-related thinking;

(e) Call on Governments and all Habitat Agenda partners to promote enhanced participation in Habitat III and to continue providing financial contributions in support of the participation of representatives of developing countries;

(f) Encourage Governments, in collaboration with the Habitat Agenda partners, including the United Nations system, to consider enhancing the implementation and the review of progress made in the implementation of the Habitat Agenda and the Istanbul Declaration on Human Settlements, the Declaration on Cities and Other Human Settlements in the New Millennium, and other international goals relevant to sustainable urban development at the national level, including through development cooperation frameworks and participatory learning and sharing approaches;

(g) Decide, in follow-up to General Assembly resolution 65/165, paragraph 15, to integrate into the preparatory process for Habitat III the two themes of "housing finance systems" and "sustainable urbanization", previously suggested as topics for high-level events of the Assembly, in order to save financial resources and prevent duplication.

United Nations A/66/283

General Assembly

Distr.: General
9 August 2011

Original: English

Sixty-sixth session
Item 69 (b) of the provisional agenda*
Promotion and protection of human rights: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Trafficking in persons, especially women and children

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Special Rapporteur on trafficking in persons, especially women and children, Joy Ezeilo, submitted in accordance with Human Rights Council resolutions 8/12 and 17/1.

* A/66/150.

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Report of the Special Rapporteur on trafficking in persons, especially women and children

Summary

The present annual report is submitted to the General Assembly in accordance with Human Rights Council resolutions 8/12 and 17/1 and covers the period from 1 August 2010 to 31 July 2011.

The report is divided into three main sections: an introduction, an outline of the activities undertaken by the Special Rapporteur during the reporting period and a thematic focus on the right to an effective remedy for trafficked persons. The report discusses different forms of substantive remedies, including restitution, recovery, compensation, satisfaction and guarantee of non-repetition. It also highlights the importance of procedural rights of access to these substantive remedies, such as the provision of information, legal assistance, interpretation services and regularization of residence status. In conclusion, the Special Rapporteur offers recommendations to States in effectively implementing the right to an effective remedy. Finally, the draft basic principles on the right to an effective remedy are included in the annex.

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I. Introduction

1. The present report is the third submitted to the General Assembly by the current Special Rapporteur on trafficking in persons, especially women and children, pursuant to Human Rights Council resolutions 8/12 and 17/1. It highlights her activities from 1 August 2010 to 31 July 2011. The main thematic focus of the report is the right to an effective remedy for trafficked persons.

II. Activities of the Special Rapporteur

2. With respect to the activities carried out from 1 August 2010 to 1 March 2011, the Special Rapporteur makes reference to her previous report, submitted to the Human Rights Council at its seventeenth session (A/HRC/17/35). Her activities from 1 March 2011 to 31 July 2011 are briefly set out below.

A. Participation in conferences and consultations

3. On 31 May 2011, the Special Rapporteur delivered a speech at a side event, "Access to justice and compensation for trafficked persons", organized by the Permanent Mission of Germany to the United Nations, the Permanent Mission of the Philippines to the United Nations, Anti-Slavery International, La Strada International and the Organization for Security and Cooperation in Europe. On 1 June 2011, the Special Rapporteur also participated as a panellist in a side event, "Deported without justice: barriers to trafficked persons accessing remedies", organized by Franciscans International and the Global Alliance against Traffic in Women.

4. On 7 June 2011, the Special Rapporteur participated as a key-note speaker in a one-day conference, "Child trafficking in Scotland", organized by the Scottish Commissioner for Children and Young People in Edinburgh, the United Kingdom of Great Britain and Northern Ireland.

5. On 21 and 22 June 2011, the Special Rapporteur participated in the World Justice Forum III, organized in Barcelona, Spain, by the World Justice Project. She moderated a panel on "Human trafficking and the rule of law" and discussed, inter alia, the existing national, regional and international laws to combat human trafficking, effective protection for victims and good practices from around the world that contribute to the prevention of human trafficking.

6. On 4 July 2011, the Special Rapporteur convened an expert meeting on "Prosecution of trafficking in persons cases: integrating a human rights-based approach in the administration of criminal justice" in Geneva. Fifteen experts, mostly from prosecution and law enforcement backgrounds, participated in this one-day meeting to discuss progress, challenges and lessons learned in prosecuting trafficking in persons cases while ensuring respect for the human rights of trafficked persons.

7. From 11 to 13 July 2011, the Special Rapporteur participated in the Association of Southeast Asian Nations workshop on criminal justice responses to trafficking in persons in Singapore, hosted by Singapore's Ministry of Home Affairs.

B. Country visits

8. The Special Rapporteur visited Argentina from 6 to 12 September 2010 and Uruguay from 13 to 17 September 2010 at the invitation of the Governments. The full reports on these visits were submitted to the seventeenth session of the Human Rights Council in June 2011 (A/HRC/17/35/Add.4, A/HRC/17/35/Add.3, respectively).

9. At the time of writing, the Special Rapporteur plans to visit Thailand from 8 to 19 August 2011 at the invitation of the Government. She also plans to visit Australia in November 2011. Full reports on these visits will be presented to the Human Rights Council at its twentieth session in 2012.

III. Thematic analysis: the right to an effective remedy for trafficked persons

A. Introduction

10. The present report is a follow-up to the Special Rapporteur's report to the seventeenth session of the Human Rights Council (A/HRC/17/35). The Special Rapporteur wishes to draw the attention of Member States to her analysis, conclusions and recommendations in the Human Rights Council report, including the draft basic principles on the right to an effective remedy for trafficked persons, which are reproduced in the annex to the present report.

11. This report seeks to highlight the main findings, conclusions and recommendations of the Human Rights Council report. It also presents the Special Rapporteur's additional observations on the issue, as well as the feedback of Member States and other stakeholders that she received after the presentation of the Human Rights Council report.

B. The right to an effective remedy for trafficked persons

12. The right to an effective remedy is a fundamental human right for all persons, including trafficked persons, which States must respect, protect and fulfil in accordance with international human rights law. It is also a well-established doctrine of international law that a State has an obligation to provide remedies where an act or omission is attributable to it and constitutes a breach of an international obligation of the State. In the context of trafficking in persons, States are under an obligation to provide remedies for trafficked persons where they fail to exercise due diligence to prevent and combat trafficking in persons or to protect the human rights of trafficked persons.

13. While discussions on the right to an effective remedy for trafficked persons tend to focus on compensation, compensation is only one aspect of this right. It encompasses recovery, restitution, satisfaction and guarantees of non-repetition, as well as a set of ancillary procedural rights that enable trafficked persons to exercise the right to an effective remedy in a meaningful manner. Such procedural rights of access to substantive remedies may include the rights to legal, medical, psychological, social, administrative and other assistance.

14. Restitution is aimed at restoring the situation that existed prior to the violation. Measures of restitution in the context of trafficked persons may include, for example: the release of the trafficked person from detention (whether such detention is imposed by traffickers, the State or any other entity);[1] return of property such as identity and travel documents and other personal belongings; recognition of legal identity and citizenship; safe and voluntary repatriation to the country of origin; and assistance and support necessary to facilitate social integration.

15. As discussed in the report to the Human Rights Council, restitution, as conventionally understood, may not be a suitable form of remedy where simply returning the trafficked person to the pre-existing situation may place him or her at the risk of further human rights violations and being re-trafficked. From this perspective, restitution implies States' obligations to undertake broader measures to address root causes of trafficking and to provide necessary reintegration support to trafficked persons, so as to minimize any risk of re-trafficking. For instance, where trafficked women and girls have been subjected to sexual and gender-based violence, they may face discrimination, social stigma, communal and family ostracism upon return to their families and communities, thereby resulting in their re-victimization. In this context, measures to address the root causes of trafficking, such as gender discrimination and inequality, play a crucial role in ensuring effective restitution of trafficked women and girls.

16. The Special Rapporteur also noted in the Human Rights Council report that returning a trafficked person to his or her country of origin may not be an appropriate form of remedy where he or she has lost legal, cultural or social ties with the country of origin and it is no longer in his or her best interest to return to it. For instance, it is conceivable that a child who is trafficked to another country and perpetuated in this situation over decades may lose his or her social and cultural identity in the country of origin. Where these factors exist, restitution may involve reintegration of the trafficked person into the host community or resettlement in a third country.

17. Recovery includes medical and psychological care, as well as legal and social services. As trafficking often causes severe physical and psychological consequences for the victims, recovery is a crucial form of remedy. In the Human Rights Council report, the Special Rapporteur noted with concern that in some States, recovery services are only available to certain categories of trafficked persons at the exclusion of others, such as men and children who are internally trafficked, and that access to recovery services is made conditional on the capacity or willingness of trafficked persons to cooperate with law enforcement authorities. Further, she expressed concern about the absence in many States of a "reflection and recovery period", during which trafficked persons may escape the influence of traffickers, recover psychological stability to consider their options, and make an informed decision as to whether to cooperate with law enforcement authorities without the risk of being removed from the country. This period is not only an integral element of recovery, but also the fundamental first step in seeking other forms of reparations, such as compensation. The security and well-being of trafficked persons, which may be facilitated by the reflection and recovery period, is an essential prerequisite for trafficked persons in seeking compensation.

[1] Anne T. Gallagher, *The International Law of Human Trafficking* (New York, Cambridge University Press, 2010), p. 366.

18. Compensation should be provided for economic assessable damage to the extent that such damage cannot be made good by restitution. It may be provided as payment for a wide range of injury, loss or damage caused by the offender, including, for example: costs of the medical, physical, psychological or psychiatric treatment required by the victim; lost income and due wages; legal fees and other similar costs; and payment for non-material damages, resulting from moral, physical or psychological injury, emotional distress, pain and suffering.

19. In many States, it is possible in theory to seek compensation through criminal, civil or labour proceedings. However, as discussed in the Human Rights Council report, various obstacles render such a possibility simply illusory in practice. While different factors affect the efficacy of criminal, civil and labour proceedings, common obstacles for trafficked persons to seek compensation through legal proceedings include: failure to identify trafficked persons and accord them regular residence status; lack of adequate support in recovery of trafficked persons; lack of information and knowledge on the part of trafficked persons; lack of free legal aid available; lack of capacities, knowledge and experience on the part of the judiciary and lawyers in seeking compensation for trafficked persons; and inadequate witness protection programmes to guarantee the safety and security of trafficked persons and their family members.

20. In some States, trafficked persons may be able to claim compensation through general compensation schemes for victims of crime. However, it is still not common for trafficked persons to successfully obtain compensation through State-funded compensation schemes, as access to such schemes may be restricted by certain eligibility criteria, such as nationality, residence status or types of crimes that the victim suffered.

21. Some of these obstacles in seeking compensation clearly show that procedural rights of access to remedies are critical preconditions in realizing the substantive right to remedies for trafficked persons. For instance, States must provide trafficked persons with information relating to their rights and mechanisms available to seek remedies, as they would not be able to seek remedies unless they are aware of this essential information. As judicial and administrative proceedings are often complex in many jurisdictions, legal assistance is also crucial for trafficked persons, especially where they are not familiar with the legal system of the country concerned. In addition, regular residence permits in countries where remedies are being sought are an important prerequisite, as it would be very difficult for trafficked persons to seek remedies if they are at risk of expulsion or have already been expelled. The Special Rapporteur found, however, that these measures are often not available to trafficked persons in practice.

22. Finally, even when compensation orders are made against traffickers, it is extremely difficult to enforce such orders, as identified traffickers may not have adequate assets to satisfy an award of compensation, or law enforcement authorities may lack the expertise, training and resources to freeze and confiscate traffickers' assets.[2]

[2] Organization for Security and Cooperation in Europe Office for Democratic Institutions and Human Rights, *Compensation for Trafficked and Exploited Persons in the OSCE Region* (Warsaw, 2008), pp. 40-42.

23. In addition, the Special Rapporteur stressed in the Human Rights Council report that in the case of trafficked children, special considerations apply in developing and implementing responses aimed at the realization of the right to an effective remedy. At a minimum, the realization of the right to an effective remedy for trafficked children should be guided by the general principles of the Convention on the Rights of the Child. The principle of particular importance is that the best interests of the child shall be a primary consideration in all actions concerning children. Thus, the best interests of the child need to be carefully considered before deciding the course of action and the type of remedy to be sought. For instance, the child's participation in criminal proceedings may not be in his or her best interest in some cases where, for example, he or she is interviewed repeatedly, required to provide testimony in court in the presence of the traffickers, subjected to hostile questioning by the traffickers or their legal representative, or effective witness protection is not in place to guarantee the privacy and security of the child and his or her family members. Further, this formula based on the best interests of the child suggests that compensation may not always be a suitable form of remedy for trafficked children. In some cases, it may be more appropriate to seek reparative measures geared towards building a comprehensive child protection system that guarantees children's rights, such as the right to education, the right to health and the right to physical and psychological recovery and social reintegration in the case of child victims of exploitation.

24. Pursuant to the Convention on the Rights of the Child, States are also required to respect the rights of children to express their views freely in all matters affecting them and to provide them with the opportunity to be heard in any relevant judicial and administrative proceedings. To this end, the child should be given effective access to information on all matters affecting his or her interests, such as his or her situation, entitlements, services available and the family reunification and/or repatriation processes.[3] Further, the need to ensure active participation of children implies that the child should be provided with legal representation without costs to the child, as well as with interpretation into the native language of the child, as necessary.

C. Additional observations after the presentation of the Human Rights Council report

25. The Special Rapporteur engaged in further dialogues with a number of stakeholders following the presentation of the Human Rights Council report and found that the obstacles discussed above in successfully obtaining remedies are still common in many parts of the world. As far as compensation is concerned, research conducted by the European Action for Compensation for Trafficked Persons project ("COM.PACT project") demonstrated that although there is an emerging awareness about the right to compensation for trafficked persons and the legal frameworks in these European countries allow trafficked persons to claim compensation, the actual receipt of a compensation payment by a trafficked person is extremely rare. While there is a variety of factors that negatively affect trafficked persons' ability to claim compensation, the most common reasons include the lack of knowledge on the part

[3] United Nations Children's Fund (UNICEF), "Guidelines on the protection of child victims of trafficking" (New York, 2006), guideline 2.5.

of trafficked persons about their right to compensation, restrictive eligibility criteria for State-funded compensation funds, the failure of law enforcement authorities to confiscate assets or to use confiscated assets to compensate trafficked persons and the lack of jurisprudence on compensation for trafficked persons. Further, discussions at the international round table on "Compensation for trafficked persons in Belarus, Moldova and Ukraine", organized by La Strada Belarus on 10 June 2011, revealed that such obstacles as the lack of information about the right to compensation, the lack of knowledge on the part of judges and lawyers about the victims' right to compensation and the absence of legal aid, significantly reduce trafficked persons' chances of successfully claiming compensation.

26. Thus, significant challenges still remain in ensuring the enjoyment of the right to an effective remedy by trafficked persons. There are positive signs, however, that States increasingly take the right to an effective remedy into consideration in developing and implementing anti-trafficking responses. The Special Rapporteur was encouraged by solid commitments expressed by a number of States during the interactive dialogue at the Human Rights Council to operationalize this right at the national level. Norway, for instance, noted that the provision of essential information to victims of trafficking in an appropriate manner is often a challenge and pledged to use the Special Rapporteur's report as an inspiration for improvement. Australia mentioned important changes to programmes to support for trafficked persons, including the provision of an extended period for reflection and recovery. The Philippines also informed the Special Rapporteur that its anti-trafficking legislation provides for the establishment of a national trust fund that uses fines and properties confiscated from convicted traffickers to provide trafficked persons with a variety of services for their recovery, such as emergency shelters, counselling, free legal services, medical and psychological treatment. Other States, such as Brazil, the Republic of Korea and Greece, shared with the Special Rapporteur information on their efforts geared towards the realization of the right to an effective remedy, such as the provision of counselling, housing, health care and legal assistance.

27. While noting these positive developments, the Special Rapporteur underlines that a comprehensive and holistic response aimed at the realization of this right is critical. As discussed in the Human Rights Council report, the realization of the right to an effective remedy hinges upon a variety of interrelated factors. Accurate identification of trafficked persons is a prerequisite for trafficked persons to be able to exercise the right to an effective remedy, as it is almost impossible to do so if they are misidentified as irregular migrants or criminal offenders. They must be also provided with a reflection and recovery period as well as the support and assistance necessary for their recovery on a non-conditional basis, so that they can make an informed decision as to what course of action they would like to pursue. If trafficked persons wish to seek compensation for the harms suffered, they need to be equipped with information about their rights and the avenues available to exercise their rights, legal assistance, interpretation and other necessary services, and regular residence status. Trafficked persons must be recognized as holders of rights from the moment that they are identified as trafficked and States must implement responses underpinned by all of these elements necessary for trafficked persons to enjoy the right to an effective remedy. Ad hoc measures designed to address only some of these aspects would be hardly sufficient if the right to an effective remedy were to be fully realized.

D. Draft basic principles on the right to an effective remedy

28. In order to guide States in operationalizing the right to an effective remedy, the Special Rapporteur submitted the draft basic principles on the right to an effective remedy for trafficked persons in the Human Rights Council report. The draft basic principles are reproduced in the annex to the present report. The Special Rapporteur noted with appreciation that a number of States, including Brazil, Costa Rica, Greece, the Republic of Moldova, Slovakia and Venezuela (Bolivarian Republic of), expressly welcomed the draft basic principles during the interactive dialogue at the Human Rights Council.

29. The draft basic principles are based on existing international human rights law and standards and do not represent new norms of human rights. They are designed to bring clarity to the concept of the right to an effective remedy and to elaborate specific factors to be taken into account when this right is applied to trafficked persons. For example, the draft basic principles explicitly spell out that States have obligations to ensure that adequate procedures are in place to enable quick and accurate identification and that trafficked persons are not subjected to discriminatory treatment in law or in practice, as these are preconditions in exercising the right to an effective remedy in the context of trafficked persons. Further, reflecting the complex nature of the crime of trafficking, the draft basic principles specify that restitution may require States to provide trafficked persons with temporary or permanent residence status where a safe return to the country of origin cannot be guaranteed or is otherwise not in the best interest of the trafficked person. With respect to recovery, the draft basic principles provide that States shall ensure that trafficked persons' access to assistance and other benefits are not dependent on their cooperation in legal proceedings, as this is a common obstacle for trafficked persons in accessing such assistance and other benefits. Lastly, the draft basic principles provide that States have a duty to ensure that trafficked persons are allowed to lawfully remain in the country in which the remedy is being sought for the duration of any proceedings, having regard to the fact that trafficked persons are often treated as irregular migrants subject to detention and deportation.

30. During the interactive dialogue at the Human Rights Council, some States raised an important question as to what might be the next step and what legal status the Special Rapporteur envisaged for the draft basic principles. As mentioned during the interactive dialogue, the draft basic principles are still under development and constitute only an initial step in the efforts to effectively implement the right to an effective remedy for trafficked persons. Thus, she would welcome further input and suggestions by States and other stakeholders to further refine the draft basic principles and to consider what should be the next step. The Special Rapporteur stresses, however, that States' commitments and sense of ownership in this process of shaping the draft basic principles are crucial. While the draft basic principles are intended to guide not only States but also practitioners working with trafficked persons, the Special Rapporteur considers it critical that States, as duty-bearers, commit to fulfil their obligations to respect, protect and fulfil the right to an effective remedy and to utilize the draft basic principles in order to understand what these obligations entail in practice. Thus, the Special Rapporteur wishes to have opportunities to engage with States to discuss the content of the draft basic principles through intergovernmental consultations. In this process, the Special Rapporteur would welcome a strong leadership by members of the Human Rights

Council and the General Assembly, and the Group of Friends United against Human Trafficking in galvanizing the political will of Member States.

E. Conclusions and recommendations

31. The Special Rapporteur reiterates that States have an obligation to provide remedies for trafficked persons where they fail to exercise due diligence to prevent and combat trafficking in persons or to protect the human rights of trafficked persons. Furthermore, States have a duty to respect, protect and fulfil the right to an effective remedy under international human rights law. To this end, States' responses to trafficking should be guided by the objective of implementing the right to an effective remedy for trafficked persons. Trafficked persons must be recognized as holders of rights from the moment when they are identified as trafficked and States should implement measures to facilitate their realization of these rights. As different components of the right to an effective remedy are interrelated with each other, it is crucial for States to provide for a continuum of assistance and support, aimed at restitution, recovery, compensation, satisfaction and guarantees of non-repetition, as appropriate in each individual case.

32. In the efforts to enhance the implementation of the right to an effective remedy for trafficked persons, the Special Rapporteur refers States to her recommendations in the Human Rights Council report. In particular, the Special Rapporteur highlights the following recommendations:

33. As a very first step in ensuring that trafficked persons have the opportunity to seek remedies as victims of human rights violations, States should ensure that relevant authorities and officials, such as police, border guards and immigration officials, are adequately trained in the identification of trafficked persons to allow rapid and accurate identification of trafficked persons.

34. States should provide trafficked persons with a reflection and recovery period, as well as assistance in realizing their full recovery on a non-conditional basis, duly taking into account the individual circumstances and needs of each trafficked person.

35. In order to enable trafficked persons to exercise their right to compensation in a meaningful manner, States should provide trafficked persons with the necessary means, assistance and status, namely, access to information, free legal assistance and other assistance necessary to ensure their full recovery, and regular residence status. In addition, States should guarantee the right to privacy, safety and witness protection for trafficked persons taking part in legal proceedings.

36. States should intensify training for the judiciary, prosecutors and lawyers on laws and issues pertaining to the rights of trafficking in persons and relevant legal procedures.

37. States should adequately train law enforcement officials in identifying, tracing, freezing and confiscating assets connected to the crime of trafficking, and explicitly enact legislation that provides that the confiscated assets are to be used to compensate trafficked persons.

38. Where State-funded compensation schemes for victims of crime exist, States should abolish eligibility criteria that have the effect of preventing trafficked persons from seeking compensation, such as nationality and long-term residence requirements.

39. States should ensure that they provide trafficked persons with information on the right to a remedy, mechanisms and procedures available to exercise this right, and how and where to obtain the necessary assistance. To facilitate this process, States should develop guidelines on the appropriate form, content and language of the information to be provided to trafficked persons and ensure that the guidelines are properly applied.

40. States should provide legal assistance to trafficked persons on a free-of-charge basis as an essential precondition for all trafficked persons to exercise their right to an effective remedy. States should ensure that lawyers providing such assistance have received adequate training in the rights of trafficked persons including children, and in effective communication with victims of human rights violations.

41. States should provide trafficked persons with temporary residence permits during the duration of any legal proceedings on an unconditional basis. States should also provide trafficked persons with temporary or permanent residence permits on social and humanitarian grounds, where a safe return to the country of origin is not guaranteed or a return would not otherwise be in the best interests of the trafficked person for reasons related to his or her personal circumstances, such as the loss of citizenship or cultural and social identity in the country of origin.

42. States should ensure that the best interests of the child are a primary consideration in all decisions or actions that affect trafficked children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies.

43. States should encourage trafficked children to express their views and give them due consideration in accordance with their age and maturity. In order to facilitate this process, States should ensure that trafficked children are equipped with information on all matters affecting their interests, including their situation, legal options, entitlements and services available to them, and processes of family reunification or repatriation. Further, States should ensure that trafficked children have access to legal, interpretative and other necessary assistance, provided by professionals trained in child rights and how to communicate with trafficked children.

Annex

Draft basic principles on the right to an effective remedy for trafficked persons

1. Rights and obligations

1. Trafficked persons as victims of human rights violations have the right to an effective remedy for harms committed against them.

2. All States, including countries of origin, transit and destination, are obliged to provide or facilitate access to remedies that are fair, adequate and appropriate to all trafficked persons within their respective territory and subject to their respective jurisdiction, including non-citizens, for harms committed against them.

3. The right to an effective remedy encompasses both a substantive right to reparations and procedural rights necessary to access reparations.

4. In substance, trafficked persons should be provided with adequate reparations for the harms suffered, which may include restitution, compensation, recovery, satisfaction, and guarantees of non-repetition.

5. Trafficked persons should also be provided with access to a competent and independent authority in order to successfully obtain reparations. This necessitates, at a minimum, the provision of:

(a) Information concerning their rights, the reparations available and the existence of and modalities for accessing reparation mechanisms;

(b) Legal, medical, psychological, social, administrative and other assistance necessary in seeking remedies;

(c) A reflection and recovery period, followed by residence status while trafficked persons seek remedies.

2. Realizing the right to a remedy

6. States shall:

(a) Ensure that adequate procedures are in place to enable quick and accurate identification of trafficked persons and provide adequate training to law enforcement and other agencies that might come in contact with trafficked persons;

(b) Ensure that trafficked persons are not subjected to discriminatory treatment in law or in practice on any ground, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status, including their age, their status as victims of trafficking, their occupation or types of exploitation to which they have been subjected;

(c) Give due consideration to individual circumstances of trafficked persons to ensure that remedies are centred on the empowerment of trafficked persons and full respect for their human rights. At a minimum, States should "do no harm" and ensure that remedial proceedings are not detrimental or prejudicial to the rights of trafficked persons and their psychological and physical safety.

(a) Restitution

7. States shall:

(a) Place the best interests of trafficked persons at the centre in providing measures of restitution;

(b) Provide trafficked persons with temporary or permanent residence status as a form of remedy where a safe return to the country of origin cannot be guaranteed, may place them at risk of persecution or further human rights violations, or is otherwise not in their best interests;

(c) Effectively address the root causes of trafficking in order to ensure that trafficked persons are not returned to the pre-existing situation which places them at risk of being re-trafficked or further human rights violations.

(b) Recovery

8. States shall:

(a) Provide a non-conditional reflection and recovery period, during which trafficked persons are provided with measures necessary for the physical, psychological and social recovery, including, but not limited to: appropriate housing, counselling and information about their situations and legal rights; medical, psychological and material assistance; and employment, educational and training opportunities;

(b) Ensure that trafficked persons' access to assistance and other benefits are under no circumstances dependent upon their cooperation in legal proceedings.

(c) Compensation

9. States shall:

(a) Ensure that laws, mechanisms and procedures are in place to enable trafficked persons, if they desire, to:

(i) Obtain civil damages for trafficking-related offences, including breaches of labour laws;

(ii) Secure awards or orders from criminal courts for compensation from persons convicted of trafficking-related offences;

(iii) Gain access to compensation from the State for injuries and damages;

(b) Address the common obstacles for trafficked persons to obtain compensation for their material and non-material damage. To this end, they should ensure that:

(i) All trafficked persons have a legally enforceable right to obtain compensation, irrespective of their immigration status and of whether their perpetrators have been convicted;

(ii) Trafficked persons are fully informed of their legal rights, including their rights to have access to remedies through judicial, labour and administrative proceedings, promptly and in a language and form they understand;

(iii) Trafficked persons seeking to access remedies are provided with necessary assistance to this end, including social assistance, free and qualified legal aid and representation, and, where necessary, qualified interpreters, regardless of their immigration status;

(iv) Trafficked persons are allowed to lawfully remain in the country in which the remedy is being sought for the duration of any criminal, civil, labour or administrative proceedings, without prejudice to any claim they may have to the right to remain on a more permanent basis as a remedy in itself;

(v) Laws and procedures are in place to support the seizure of the proceeds of trafficking and confiscation of traffickers' assets, and explicitly indicate that such proceeds and assets are intended in the first instance to compensate trafficked persons and in the second instance for general provision of remedies to trafficked persons;

(vi) Effective measures are in place for the enforcement of reparation judgements including foreign judgements.

10. In cases of trafficked women and girls who have been subjected to sexual and gender-based violence, States should take into account potential risks of psychological harm, stigma and communal and family ostracism that judicial proceedings may impose on them and provide measures to afford adequate protection to those women and girls affected, while creating opportunities to seek compensation through non-judicial avenues.

3. Trafficked children

11. States shall:

(a) Ensure that the best interests of the child are a primary consideration in providing trafficked children with remedies, taking into account the individual circumstances of the child, including his or her age, upbringing, ethnic, cultural and linguistic background and protection needs;

(b) Respect the child's right to express his or her views freely in all matters affecting the child. To this end, States should provide trafficked children with effective access to information on all matters affecting their interests, such as their situation, entitlements, services available and the family reunification and/or repatriation process;

(c) Take measures to ensure adequate and appropriate training, in particular legal and psychological training, for persons working with trafficked children on specific rights and obligations in cases involving children.